UNIVERSITY OF CAPE COAST

HUMAN CAPITAL AND PERFORMANCE MANAGEMENT

IN GHANA WATER COMPANY LIMITED

BY

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DECEMBER, 2005

DECLARATON

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.
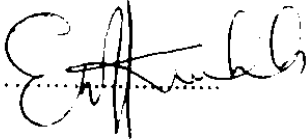
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Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

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ABSTRACT

The sight of gushing water from burst pipes in Accra and the scarcity of the same commodity in other communities prompted the researcher to examine the human capital, corporate culture, performance management and bottlenecks that hinder organizational performance in Ghana Water Company Limited (GWCL). The research was cross-sectional, non-contrived, and non-causal. It was analytical consisting of a description and analysis of the phenomena of interest.

A sample size of about 50% comprising 100 respondents were selected from GWCL Head Office and given questionnaires but only 80 successfully returned them. The sample was divided into mutually exclusive groups of junior and senior staff and a disproportionate stratified random sampling was used to create homogeneity within each group. Interviews, non-participant observation and personally administered questionnaires were the data collection instruments used. Descriptive statistics generated from the Statistical Product and Service Solutions was used to analyze the data.

The analysis showed that GWCL has an educated senior staff but a less educated junior staff. The human capital is inadequate and the workforce is aging. Its corporate culture has no urgency for task accomplishment and management is grappling with managing waste.

Therefore, it is recommended that management should recruit and train younger personnel, control and motivate staff while employees must eschew apathy and improve upon their performance.

ACKNOWLEDGEMENTS

DEDICATION

To my husband, Kwasi Oppong-Tawiah.

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CHAPTER ONE

INTRODUCTION

Background

Public water supply in Ghana started in the 1920s in Cape Coast in the Central Region when the Hydraulic Division of Public Works Department (PWD) began a pilot pipe-borne water system. This project expanded to include planning, design, construction, operation and maintenance of water supply systems in other regions in the country.

In 1948, a need for the provision and maintenance of potable water to the rural folk led to the creation of the Rural Water Development Department within the PWD. However, after independence in 1957, the Ministry of Works and Housing managed both rural and urban water supplies under its Water Supply Division with the headquarters in Kumasi. In the dry season of 1959, a severe shortage of water prompted a World Health Organisation (WHO) sponsored study, which recommended, inter alia, the preparation of a twenty- year master plan for water supply and sewerage services in the country. Based on these recommendations, Ghana Water and Sewerage Corporation (GWSC) was duly established in 1965 under an act of Parliament (Act10) as a legal public entity with objectives to provide, distribute, conserve and supply water for public,

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domestic and industrial purposes. It also had to establish, operate and control sewerage systems for such purposes.

The Corporation had the authority of the Ministry of Works and Housing to collect rates and charges for the water and sewerage services provided. From 1966 to June 1999, the organisation operated as a statutory corporation. However, on July 1st 1999, the Corporation was converted into a Limited Liability Company known as Ghana Water Company Limited under Act 461, as amended under Statutory Corporation LI.1648. Consequently, GWSC now GWCL had to change its objectives as spelt out in the Act of Incorporation. The main objectives of GWCL are now focused on the:

- Planning and development of water supply systems in all urban communities in the country;

- Provision and maintenance of acceptable levels of service to consumers in respect of quantity and quality of water supplied;

- Preparation of long-term plans in consultation with the appropriate coordinating authority established by the President;

- Conducting of research relative to water and related subjects;

- Making of engineering surveys and plans;

- Construction and operation of works in the urban areas;

- Submission of tariff proposals to the Public Utility Regulatory Commission (PURC) for review and final approval;

- And performance of other related or incidental activities.

GWCL is committed to the abstraction, treatment, transmission, storage and distribution of potable water to urban communities for public, domestic, commercial and industrial purposes and at levels of service appropriate to the needs of each consumer group. Its vision is to become a reputable utility provider, valued by its consumers. The company hopes to play a key role in the economic development of the nation.

Presently, the company operates eighty-six (86) urban water supply systems throughout the nation. While the potable water demand in urban areas is estimated at 995,000m³/day, the company only has a 737,000m3/day capacity and can actually supply about 551,451 m³/day, covering only 59% of the demand. (Note: 1m³ = 220 gallons, about 55 size 34 buckets) Hence, a Strategic Investment Programme Study (1998) recommended an investment of US 1.6 billion dollars to meet demand by 2020.

So far, GWCL with internally generated funds, external credit and Ghana Government contribution has undertaken the following development projects:

- Rehabilitation of existing water supply schemes to upgrade them to their designed capacity;

- Provision of operational support equipment;

- Limited extensions and improvements of existing systems and

- Construction of new water schemes.

Currently, rehabilitation work to improve water supply delivery to urban dwellers is being undertaken in the Weija Dam, the Sekondi-Takoradi area, the Akuapim Ridge and in six towns in the Eastern Region. Improvement of sewerage

collection and disposal in Accra is also underway. The Company, however, hopes to improve water production by the implementation of seven projects. These are the Baifikrom Water Project; Sogakope-Lome Water Supply Project; Weija-Accra Interconnection; Cape Coast Water Supply Project; Sunyani Water Project; Kpong Water Supply Expansion Project and Koforidua Water Supply Project.

The billing system is based on tariffs approved by the Public Utility Regulatory Council (PURC). Bills are issued once a month within a billing period of a maximum of twenty-eight consecutive days. Within two months of a customer's complaint, the Company should have investigated and corrected the disputed bills or notified the customer within the same period about their inability to correct the disputed bills with reasons.

A seven-member board of directors and a Chairman coordinate and direct the activities of GWCL. The management team has thirteen (13) Chief Managers at the head office, headed by the Managing Director and one regional manager for each of the ten regions in the country. Figure 1 on the next page shows the details of the control system in GWCL.

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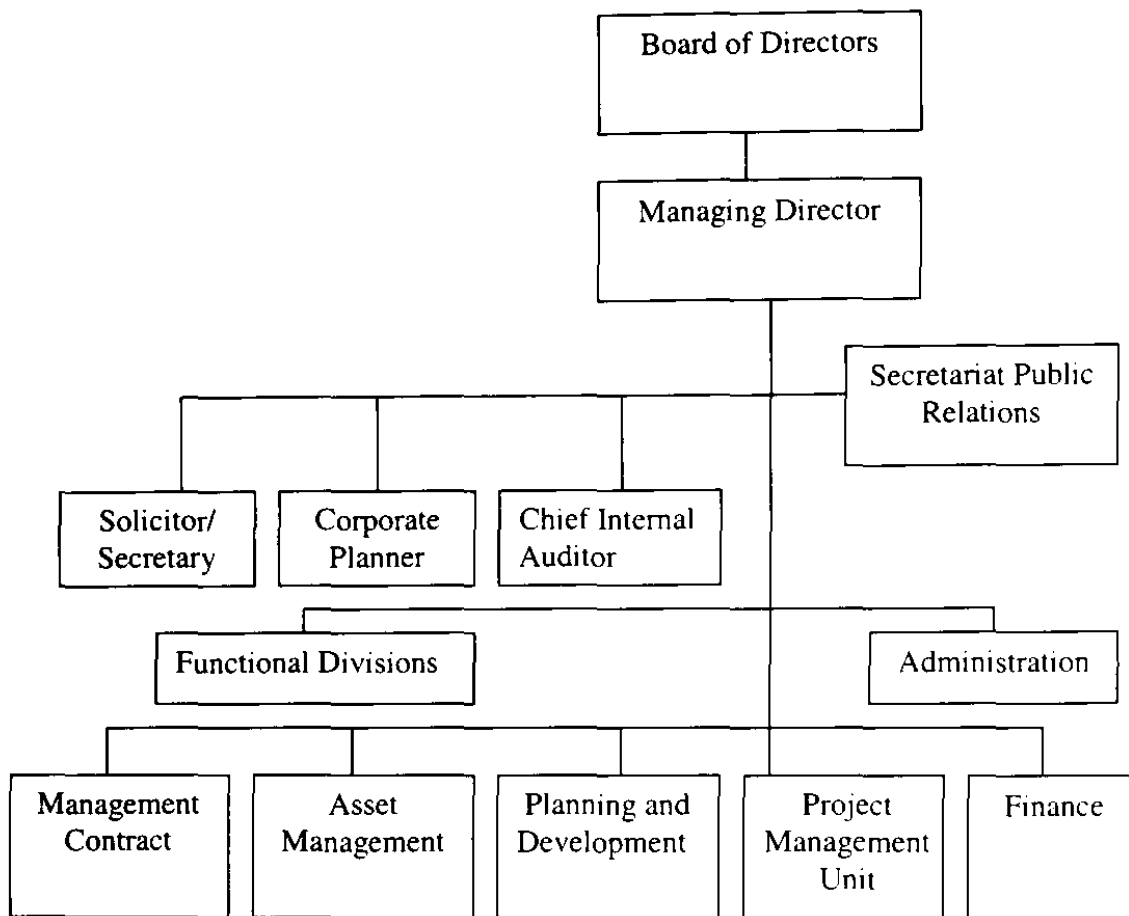
Source: GWCL, 2004

Figure 1: GWCL's Organisational Structure

Statement of the Problem

Water is one of the basic essentials of life and it is impossible to live without it. Individual, family and industry activities depend largely on the provision of clean and affordable water. When there is no water, companies and almost all human activities are hindered.

In Ghana, it is common, almost becoming normal to see burst pipes with clean water gushing forth for days or even months while at the same time several communities like Adenta and Teshie both in the Greater Accra Region live

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without running water. They lament about their lack of water and even demonstrate against the service provider (Daily Graphic Wednesday, February 19, 2003 pp 20). The pictures in Appendices D-F buttress these points. This conflict thus suggests that GWCL is having a great difficulty living up to its mission and vision.

Secondly the perennial water crisis that paralyses activities of the University of Cape Coast and all institutions of learning within the Cape Coast metropolis have persisted for decades without any hope of answers. This worrying situation prompts questions about the human capital and performance issues related to GWCL. The Vice Chancellor of the University of Cape Coast Dr Obeng said, "A hitch in the regular flow of water in any system would definitely spell doom for society" (The Crusading Guide, April 2003). He said this when the Faculty of Arts Students' Association was honouring him for his able handling of the water crisis that hit the University in the second semester of the 2001/2002 academic year.

In addition to the above, during phone-in programmes on radio, customers often lambast the service provider for its irregularities in billing them. Customers receive either inflated bills for poor services or bills when they have not received any service. Interestingly, evidence from preliminary data collected points to the performance lag in the organization. In 2002, GWCL employees were better paid than their counterparts in Volta River Authority (VRA) and were on about the same salary scale as the staff of Bank of Ghana (BOG) but now; they are four times worse paid than employees of VRA are. These and other issues have

prompted the researcher to want to assess the human capital and performance management of the Ghana Water Company Limited.

Objectives of the Study

The general objective of the study is to examine the quality of the human capital and how it affects organizational performance at GWCL Head Office.

The specific objectives are to:

- Appraise the knowledge. skills and qualifications of employees with respect to best practices.

- Examine the corporate culture in GWCL in relation to organizational performance,

- Assess whether the performance management system in GWCL supports organizational performance.

- Identify bottlenecks that impede organizational performance and

- Make recommendations about how human capital can be managed to improve organizational performance.

Research Questions

In order to achieve the above objectives, the answers to the following questions were sought:

1. To what extent are the knowledge, skills and qualifications of managers and employees compatible with best practices?

2. Does the corporate culture at GWCL promote organizational performance?

3. Does the performance management system in GWCL support organizational performance?

4. What bottlenecks impede organizational performance at GWCL?

Significance of the Study

This study will be relevant to the management of Ghana Water Company Limited and other public organizations who can use the results to craft strategies to improve upon their performance. It would also serve as a basis upon which further research can be conducted to examine areas of interest that have not been included in this study. In addition, the study will contribute to the body of knowledge on human capital and performance management.

Organization of the Study

This study covers five main chapters. The first chapter consists of a background to the study, a statement of the problem, objectives, research questions, significance of the study and the organization of the study. The second chapter reviews the related literature and includes the conceptual framework. The third presents the methodology used for the study. This comprises the study design, sampling and sample size, data collection methods, research design and the analytical framework. The fourth chapter contains the analysis of data and discussions, and the last chapter presents the summary of the findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This research attempted to assess the role human capital plays in organisational performance. Consequently, human capital, corporate culture and performance management are three main variables reviewed. The interplay of these variables in relation to organisational performance was of interest to the researcher. Therefore, the research assessed the relationship between human capital and organisational performance and examined how human capital is managed. The role of corporate culture in enhancing performance was also of interest to the researcher.

Human Capital Theory

In the past, economic development of nations depended upon three main types of resources: physical location, financial capital and technological resources. Today however, these are only sources of temporary advantage. The emphasis is fast changing as technology is easy to copy and financial capital can flow freely in the global market.

The human capital theory introduces the importance of the human resources by emphasizing the view that market value depends less on tangible

resources but more on intangible ones like the human resources. For instance, Harbinson (1973) posits that while capital and natural resources are passive factors of production, the human resources are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisations and carry out formal national development. In addition, Dixon and Hamilton (1996) uphold from their analysis that human resources constitute between forty to eighty percent (40% - 80%) of wealth worldwide while natural resources are only a little more than ten percent (10%) of wealth in most parts of the developing world. Other researchers also support this view. According to Hitt, Ireland and Hoskisson (1999), human capital refers to the knowledge and skills of the firm's entire workforce while Stiles and Kulvisaechana (2001) assert that it is the resource base of the firm.

From the foregoing, the key asset of development is not physical capital but the body of knowledge amassed by empirical science coupled with the abilities to train and equip the population to use this knowledge effectively. From the large and growing body of evidence available, there is a positive linkage between the development of human capital and organisational performance. Hence, it would be worthwhile to investigate the performance problems in public organisations and their link with the quality of human capital.

Human capital theory stipulates that to have the benefits of choices in the workplace, individuals are required to make substantial investment in education and training (Amsdem, 1988 cited in Mullins, 1996). In addition, the organisations have to leverage employee skills and capacities by encouraging

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individual and organisational learning. They also have to create a supportive environment, in which knowledge can be created, shared and applied (Stiles and Kulvisaechana, 2001). This is important because in this age of talent and knowledge, a company's financial value is increasingly dependent on the quality and performance of its employees and the return achieved on human capital. Therefore, managing human resources can no longer be peripheral to business success.

Concept of Human Capital

The concept of human capital is not new. More than 200 years ago, Smith (1776), recognized the importance of human skills as a determinant of individual and national wealth. Later, a formal concept was developed in the early 1960s by a group of economists; prominent among them were Schultz (1961), Becker (1964), and Kiker (1966). These defined human capital as the aggregation of investments in activities, such as education, health, on-the-job training and migration that enhance an individual's productivity in the labour market. More recently, this concept has expanded to include non-market activities. For example, the Organisation for Economic Co-operation and Development (OECD, 1996), defines human capital as the knowledge that individuals acquire during their life and which they use to produce goods, services and ideas in market or non-market circumstances.

Though human capital has no generally accepted definition, after a syndissertation of several definitions, one could define it as the knowledge, skills

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and experiences both innate and derived or accumulated embodied in the working age population that allows it to work productively with other forms of capital to sustain economic production and give organisations a competitive edge. From this definition, the skills, knowledge and experiences that constitute the human capital are both inborn and acquired and are difficult to replicate. Thus, employees' unique capabilities will remain the true source of a company's competitive advantage yielding both financial and non-financial returns to organisations and employees alike. Financial rewards like better pay or benefits and non-financial rewards like intrinsic job satisfaction, recognition for good performance and opportunities to learn through the job will encourage employees to remain loyal and contribute to organisational goals, while the organisation will achieve economic growth if it invests in its human capital. Consequently, such organisations will also earn a reputation for being high-performing companies a status which has numerous advantages to firms and their workforce.

Human Capital and Performance

There is a growing belief that the best source of lasting competitiveness is no longer a function of external forces like industrial structure but can be found in a company's human capital and the processes for strategically managing it. While this belief is widely shared, most organisations have been unable to act effectively to implement the right human capital strategies that will propel their organisations ahead of the competition. However, the literature on human capital points to the fact that companies must understand how human capital practices and

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programmes like pay, training, career management and supervision work together to produce desired outcomes. Each of the above four human capital practices and programs will be discussed in detail in the ensuing paragraphs.

Pay is a periodic monetary remuneration in exchange for a service or work done. While pay or money is not the sole motivator, failure to use pay as an incentive will significantly reduce employee productivity. Extrinsic rewards like pay, promotion and benefits enhance an employee's financial well-being, but performance-based rewards like merit pay or other forms of pay-for-performance plans have been known to increase productivity almost overnight (Robbins, 1998). Therefore, when pay is low, employees have an inclination to reduce or withdraw their efforts. They will usually not perform well or will move to another organisation that pays higher. According to Davenport (1999), when employees have a say in structuring their returns on human capital investment, they tend to value them and work hard to earn such returns. So customized rewards can positively affect performance but these must depend on one's training.

Training is another tool for the effective use of human capital. It usually seeks to improve employee knowledge and skills, but must also attempt to change attitudes. To have an adequate supply of technically and socially competent staff, firms must train employees in abilities associated with e-literacy, innovation and entrepreneurship (Drucker, 1964; Davenport, 1999). Continuous learning appreciates the human capital and increases the employee confidence, motivation and commitment. Therefore, training is a key element in improved organisational performance because it bridges the talent gap between desired targets and actual

levels of performance. So, managers should view the building and managing of these forms of human capital as necessary, while employees should see building them as an opportunity for career progression.

Career management, the next human capital instrument for managing performance involves matching career needs of employees with the requirements of the organisation. Career is defined by London and Stumpt (1982), as the pattern of work related experiences that span the course of a person's life. If the long-term needs of the organisation are addressed and the future dynamic changes within the organisation anticipated, careers can be managed in such a way that employees' training needs are compatible with the organisation's career development. De Cenzo and Robbins (1996) stipulate that a long-term career focus will, among other things, ensure a constant availability of needed talents, attract and retain high performers and reduce frustrations among the workforce. In the same vein, Davenport (1999) posits that challenging work and career advancement opportunities rate higher than stock options when it comes to focusing employees on business results. When employees are convinced that there are no prospects of developing their careers in the organisation, they will either reduce their level of performance or quit the organisation for another one. The role of the supervisor then becomes critical in career management.

Supervision involves technical knowledge, human relations skills and co-ordination of work. Supervisors are a link between the expectations of senior management and operatives. In all cases, they are required to be firm and sensitive because their pivotal role ensures that the work is done. Where there is

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effective supervision, performance activities of the human capital will be controlled and directed. In the light of this, the supervisors need training in the required skills to deal promptly with problems of production or service. They should handle difficulties or complaints diplomatically and discipline staff when the need arises. Bassett (1994) believes that a combination of these responsibilities of supervisors elicits job satisfaction and a high level of performance for subordinates.

In addition to human capital practices and programs, managerial thinking is an important influence on organisational success. In the view of Bourgeois, Duhaime and Stimpert (1999), organisational success influences the choice of strategies that allow high-performing firms to occupy unique positions in their competitive arenas or possess a unique competitiveness that rivals cannot easily duplicate. Dempsey (1993) stipulates that during the airline industry downturn in the early 1990s, Southwest Airlines' high performance was due to a managerial thinking that viewed the industry in non-traditional ways like developing the capabilities and competencies for the present and the future. Strong beliefs about how to compete in the business environment will assist managers to apply and redefine what they already know and focus on exploring what is new. This will provide their firms with a competitive advantage. However, managers must grapple with issues of measuring and managing the human capital to remain competitive.

Measuring Human Capital

While there is a renewed research interest in the new knowledge-based economy, human capital and economic growth indicators designed exclusively to measure human capital do not exist, mainly because human capital consists of many aspects that are hard to measure. There are however, three less than perfect methods in the literature for measuring human capital. The first is to use educational attainments. The second is to test for competence and the third is to look at the earnings differentials of workers with different skills. The first indicator is too narrow since it provides a bare minimum measure of human capital. The second lacks consistency and is subject to data availability and the third depends on how efficiently the labour market functions in the new economy. Despite the difficulty in measuring human capital, various indicators have been developed for public institutions and non-profit organisations for different purposes. They usually group these indicators into process and outcome indicators. Process indicators include employee's attitudes towards employment, the health status of the population and the proportion of gross domestic product (GDP) spent on research and development. Outcome indicators consist of absence rates and index of job satisfaction.

According to Davenport (1999), the human capital measuring tool consists of measuring the performance of each employee to identify the high performers, then conducting a series of behavioural interviews with each employee to determine how the most productive employees work. Interviewing employees for precise details on how they do their work has a two-fold purpose. The information

gathered from the interviews that is an asset on the job is used for training existing employees who adopt such qualities or practices. This information is also useful for selecting new hires and this measuring tool has worked positively.

To Hitt et al (1999), companies that measure employees' attitudes toward their jobs and create programs that measure and build on those impressions tend to be successful. They do this by tracking employee satisfaction diligently because they see customer satisfaction as a direct outgrowth of employee happiness. Little wonder these success stories give credence to the management of human capital.

Human Capital Management

Proponents of human capital management believe that by measuring the broad impact that employees have on the financial value of an organisation, companies can hire, manage, assess and develop employees in a way that converts human attributes into hard financial figures. However, skeptics misunderstand the whole concept of human capital and view it as an effort by companies to create artificial worth by attaching a dollar or cedi value to employees' knowledge and skills (Davenport, 1999). These views notwithstanding, a few progressive organisations have embraced the idea of human capital whole-heartedly, and have made concerted efforts to track its value and manage it, thereby achieving impressive bottom line results in the process.

Companies studying the link between human capital and corporate financial results may or may not have a specific number or figure to express the

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value of their human capital. Nevertheless, by attempting to quantify it, they can get a sense of how much the individual employees can contribute to the organisation and how likely they are to leave (White, 1995). No doubt, attempting to measure and manage human capital provides companies with useful insights and actionable information. It can help organisations to tap into the experience and knowledge of employees to help them realize their full potential.

Performance Management

There is an abundance of literature on performance management but most of it is descriptive or normative. However, White (1995) stipulates that performance management is the effective control of the best process of accomplishing whatever has to be achieved. Aspects of management like scientific management, situational management and behavioural management to mention but a few, have made enormous contributions to the study of organisations, but as White (1995) stipulates, they fail to address themselves to the enhancement of the performance of the individuals who make up that organisation and on whom its success depends. Schultz (1961), in his research based on input–output analysis of economic development, calculated that investment in human capital brought an increase of $200 billion in the national income of America between 1929 and 1957. According to Nussbaum (1998), a look at companies in America elicits the need to develop the human capital and manage performance for a competitive advantage. He posits that much of the United States' industry can be attributed to the effectiveness of its human capital.

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One-third of the growth in the US gross national product (GNP) from 1948 to 1982 was attributed to increase in the educational level of the workforce. Fifty percent of this growth resulted from technical knowledge innovations that are strongly based on education. Only fifteen percent of the growth of the gross national product during the said period was attributed to investment in capital equipment.

In other parts of the world too, particularly in Japan, research based on Schultz's study showed that between 1930 and 1955, the increase in education capital was estimated to have contributed twenty-five percent (25%) to the increase of national income. It is not surprising then for Snell and Youndt (1995) to support the position that as the dynamics of competition accelerate, people are perhaps the only truly sustainable source of competitive advantage. It is therefore, necessary to review how the performance of people is managed.

The task of developing a performance management system can be quite daunting for inexperienced organisations. However, such firms can learn from the experiences of older organisations, which have acquired the expertise through trial and error over the years. According to White (1995), performance management is the practice of actively using performance data to improve the services and products that organisations provide. This practice involves three vital components, namely: performance measurement, implementation conditions and the use of performance information. The discussion will focus on these components and how they affect performance.

Performance measurement is the first component of performance management system. It has four aspects that are used to assess how well an organisation is performing. Davenport (1999) stipulates that these comprise the use of a manageable number of indicators; the definition of key terms and concepts; aligning performance measures with accountability and decision making authority; and establishing performance standards and targets. The first of the measurement tools is for organisations to use only a minimum number of indicators to measure performance. If the indicators are over-complex, successful implementation can be threatened. Over-complexity of the measurement system will not only lead to implementation problems but will also frustrate stakeholders. Many researchers like Atkinson and McCrindell (1996), Epstein and Olsen (1996), Bate (1997), and Meiser (1998), support a similar view that the quality of indicators is far more important than quantity. This is probably so because fewer indicators will allow for a better focus on what to measure resulting in more realistic measurements.

Another important factor in developing a performance measurement system is for organisations to define key terms and concepts that will assist in the implementation process. Nakamura and Warburton (1988) posit that a standard set of definitions will help minimize misunderstanding and foster consistency throughout the organisation. These definitions and concepts will also provide a fair measuring tool for all levels of employees and consequently court their co-operation for the success of the measurement.

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Yet, performance measures will be ineffective if not linked to accountability and decision–making authority. Measures, which relate directly with management and staff job descriptions and responsibilities, will make it easier for individuals to influence performance standards and be responsible for their failure. Managers and staff must understand what they are responsible for and believe that the system measures what they contribute to the organisation. The absence of these conditions will make the performance measurement system unfair. According to Atkinson and McCrindell (1996), performance measures focusing on aspects of the process over which those whose performance is being measured have only partial or no control may engender anxiety or feelings of unfair treatment.

However, a more critical aspect of performance management is the need to set performance standards and targets. Organisations should identify targets and performance standards and emphasize them. In the absence of these, it will be difficult to judge whether results are improving or not without a reference point against which to compare. When standards and targets are set and properly communicated, both employees and the organisation benefit. The organisation will not spend extra money and time on supervision while employees will give of their best knowing that the measurement of their performance will be fairly rewarded. The second most important aspect of performance management is the provision of favourable implementation conditions. By paying careful attention to some organisational and human factors, a firm can generally improve its chances of establishing a successful performance management system. A unique regime

allowing for sufficient time and linking performance management to company strategy are key organisational factors. Experience from Organisation for Economic Co-operation and Development countries suggests that basic approaches to implementing performance management should be selected according to the needs and situation of each country (OECD, 1996). Implementing the performance management system is usually a long-term process so Plantz, Greenway and Hendricks (1997) suggest that it could easily take an agency seven months or more of preparation before collecting any data, and it easily could take three to five years before the findings of a measurement system actually reflect the programme's effectiveness. In addition, performance management must be linked to the policy or strategic framework of the organisation for it to succeed. According to the National Performance Review (1999), if performance management efforts are not linked to the organisation's business plan (which defines day-to-day operations) and to the budget, then the performance management approach will be meaningless to the people running it or affected by it. PricewaterhouseCoopers (1999) stretches this view by saying that when performance management is integrated within strategic planning, knowledge about strategy implementation is increased and strategy is likely to be realized.

The implementation of the performance management system also comprises a results-based culture, senior level involvement and informal factors. A results-oriented culture concentrates on managing inputs and outputs to achieve outcomes thereby encouraging the use of new management approaches. In this

way, the company will not merely adopt new administrative and operational systems but a performance management culture that is crucial especially in the private sector, which traditionally has had an administrative culture that only emphasizes the measurements of inputs. Lessons from American and European companies suggest that right values and behaviours should be operative in a management culture. According to the National Performance Review (1999), a consistent and visible participation of top management in both the creation and implementation of performance management will produce the right behaviours. Although the support of top political leadership is essential to ensure the success of the system, there is also evidence to suggest that leadership role should be shared (Newcomer and Downy, 1997). This will give the performance management process depth and sustainability. As a result, it will ensure that the performance management process survives through changes in political party leadership or senior management level turnover.

The third most important component of the performance management system is the use of the performance information. Credible performance information should be made available to employees. However, such information will be useful only when it is valid, reliable and backed by independent checking or auditing (Epstein and Olsen 1996, Nakamura and Warburton, 1998). Independent checking or auditing has the added advantage of helping both those using the performance information and those collecting the data. It seems that the possibility of audit is enough to cause employees to increase efforts to maintain accurate records. This process will ensure better performance from employees and

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provide the organisation with a database of information to guide its future decisions. Organisations can use the performance information generated for a number of things including influencing their long-term success in implementing result-based management. Performance information is also vital because it helps identify the weaknesses and strengths of organisations and forms a basis for adjusting management systems and strategic planning processes. More importantly, if top management uses the performance information, others are not only more likely to follow their example but also accept and participate in the new system. Nevertheless, it is worth mentioning that according to American reports by the National Performance Review (1999), managers and staff also have to see that there are significant benefits to the organisation and its programmes. Providing financial and non-financial incentives to employees has caused individuals to change their behaviour and helped to communicate what is important to the organisation.

To conclude the discussion on performance management, it is worth mentioning that once the performance management process is implemented, organisations must ensure a continued success. This can be achieved through monitoring and improving the system to make it a responsive one that reflects the changing environment in which it operates. Data from performance management should also be used for decisions to improve policies and outcomes thereby creating a learning organisation. Because of this, firms should promote a culture which emphasizes the contribution of human capital to performance.

Corporate Culture

No matter the size of a company, it has its unique culture made up of its basic assumptions and core values that are shared throughout the firm. This organisational culture influences the way a firm conducts business. According to De Cenzo and Robbins (1996), corporate culture includes long-standing and often unwritten rules and regulations. It has standards for social etiquette; established customs for how members should relate to peers, subordinates, superiors, and outsiders. In the same vein, Kreitner (1998) believes corporate culture is a collection of shared beliefs, core values, rituals, stories, myths and specialized language that create a common identity and foster a feeling of community among organisation members. From these definitions, corporate culture can be both overt and covert. It can be visible through artifacts like the style of building and overt behaviour of group members. It can also be implicit through its values and basic assumptions.

Corporate culture is important because the effectiveness of an organisation's mission and vision statements depend on it (Robbins, 1998). Such a statement will enable all stakeholders in the organisation including employees, supervisors and customers to understand the purpose of the organisation and what roles they play in it. A clear vision statement will also direct the energies of the company and inspire employees to achieve greater heights. In addition, it contributes substantially to creating a corporate culture of quality. Therefore, a culture that refuses to embrace quality will only provide substandard goods and services.

The above implications are laudable but they are contingent on the ability of top management to mould the organisational culture. Senior management must unify the employees behind the vision by helping them see the connection between their jobs and the organisation's vision. This way, greater employee involvement and empowerment are likely to produce better performance outcomes. Hitt, Ireland, and Hoskisson (1999) suggested that corporate culture functions best when top management completely supports it. For example, an authoritarian culture can result in poor labor-management relations, thousands of unresolved grievances and customer service that is mediocre.

More importantly, corporate culture can be a source of competitive advantage because it influences how the firm conducts its business and helps regulate and control employee behaviour. This behaviour is moulded by the roles, values and norms that exist within the organisation. Roles are the behaviours that job incumbents are expected to display, while values are the basic convictions of what is right or wrong and norms are the acceptable standards of behaviour that each work group has. These norms tell members what ought or what ought not to be done under the circumstances. The concept of roles, values and norms are interrelated in the sense that the role or behaviour an employee exhibits on the job depends on the value of convictions his or her work group deems acceptable. Thus, the behaviour on the job changes in response to values and norms in the work environment (Hitt et al, 1999).

Informal factors also play a vital role in an organisational culture. Sometimes they are even more important than the formal ones. In the case of New

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Zealand, while new formal management arrangements and systems have been vital, the positive changes could not have occurred without the informal systems of peer-group pressure, a commitment to public service ethics and individual professionalism among key staff (Poate, 1997).

From the discussions above, for an organisation to develop a good corporate culture, it is incumbent on its management to communicate the pivotal values of the organisation to all employees' especially new entrants and encourage them to accept such values. Because employees' ability to perform largely depends on how fit or integrated they are in the organisation, top management should select the right people with the right values, promote a culture that is effective at communication and problem solving. There should also be an entrepreneurial orientation to enable corporate culture to contribute to developing the firm's core competencies (capabilities and resources), which eventually give the organisation a competitive edge. Failure to do this will eventually produce a workforce that is not fully integrated and whose loyalty and commitment to organisational goals are low.

For companies competing in today's global market, employees' pursuit of entrepreneurial opportunities produce successful outcomes which are a major source of growth and innovation. Bombardier Inc. succeeded largely due to a number of project innovations it undertook in its aerospace, transportation and recreational products (Business Week, 1998). According to Hitt et al (1999), an entrepreneurial orientation with five dimensions is critical among employees to influence activities in a successful firm. These consist of autonomy,

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innovativeness, risk taking, proactiveness and competitive aggressiveness. Autonomy allows individuals and groups to be self-directed, take decisions or actions that are free from stifling organisational constraints. When autonomy is an integral part of an organisational culture, the bottlenecks of bureaucracy are removed and important decisions are taken to expedite action in the interest of the organisation.

The second dimension is an innovativeness that allows employees to engage in and support new ideas, experimentations and creative processes. Corporate cultures, that embrace innovativeness, encourage employees to think beyond existing knowledge, find creative ways to add value to their products or services. However, innovativeness usually involves risk-taking. Risk-taking reflects willingness by employees and their firm to accept risk in the pursuit of marketplace opportunities that can substantially increase the firm's strategic competitiveness and its returns. These risks could assume significant levels of debt and allocate large amounts of resources to uncertain projects.

Furthermore, proactiveness is also necessary for an effective corporate culture. It is an ability to be a market leader rather than a follower. Such a culture constantly uses processes to anticipate future market needs and to satisfy them before competitors learn how to do so. However, this is only possible if the company is aggressive. A firm with competitive aggressiveness takes actions that make it outperform its rivals consistently and substantially. Business success depends on a culture that provides incentives to work hard, allows its employees a

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chance to make decisions and take risks. (Fastenal company homepage, http://www.fastenal.com)

To conclude, a corporate culture can be effective and promote quality only when it has an effective performance appraisal system, which establishes goals and measures individual performance. These goals must fit the company's core values. It is also important to maintain appropriate reward systems, which reward the desired behaviours that reflect the core values.

Motivation and Performance

According to Bateman and Snell (1999), motivation is the force that energizes, directs and sustains a person's effort. On his part, Robbins (1998) stipulates that motivation is the willingness to exert high levels of effort toward organisational goals on condition that those efforts can satisfy some individual need. Thus, motivation boosts morale and employees productivity. From the foregoing, a highly motivated person will work hard towards achieving performance goals especially if the person has adequate ability and understanding of the job.

For motivation to positively influence performance, there must be clearly defined goals which make employees understand that achieving team goals enhances the possibility of achieving their personal goals. Motivation, according to White (1995), should be an on-going thing or else it will sink gradually to zero over a period of three to six months. Hence, it is necessary for managers to

constantly feed motivation into their teams through team meetings, clear communication, recognition and frequent one-to-one feedback sessions.

In fact, psychologists have found that people work harder for recognition than they do for money. Everybody needs recognition and cares for it. When recognition is clearly, publicly and promptly given, it is valued and has positive effects on performance. However, when it is undefined and shrouded in general terms, such recognition is not valued in the eyes of the receiver and the rest of the team (Robbins, 1998).

Another useful tool of motivation is competition among employees. To effectively work as a motivational tool, competitive performance should be measured in terms of individual goals (White, 1995). This gives every employee a chance to win. The method avoids the pitfall of setting an absolute target, which does not motivate new employees who perceive that top performers are always likely to win in these circumstances and there is no point in their competing with such veterans.

According to White (1995), if a company uses threats or manipulation, long-term effects are likely to include declining performance, increased absenteeism, a high level of industrial unrest and strikes. Employee sabotage, an inability to attract the right calibre of staff, a high level of staff attrition, declining staff attitudes towards the customers and eventually an inability to compete in the market place will also characterize such a firm. Such a cycle of decline has been obvious in a number of advanced industrial countries and is all too apparent in

underdeveloped economies. That is why it is important for management to understand the theories of motivation.

Process Theories of Motivation

There has been a great deal of research on content theories of motivation so this review has rather concentrated on some process theories and how they affect performance. Unlike content theories of motivation, which focus on specific factors that cause behaviour, process theories seek to explain how behaviour change occurs or how a person comes to act in a different way. This research has discussed three of such theories in relation to performance. They are the reinforcement, expectancy, and equity theories.

Reinforcement Theory and Performance

The first process theory of motivation reviewed is the reinforcement theory. This theory is a behavioural approach, which argues that reinforcement conditions behaviour. It is based on the application of extrinsic rewards like pay benefits, praise or recognition of behaviour when a person performs well. The theory ignores intrinsic motivation and posits that what controls behaviour are reinforcers. When these immediately follow a response, they increase the probability that the behaviour will reoccur. Thus, Thorndike's (1911) theory believes behaviour is caused by the environment.

However, Deci (1971) contends that extrinsic rewards can reduce the motivation of employees who have a high intrinsic motivation. Such employees

perform because of a self-administered motivation, or the drive to perform comes from a person's internalized values and beliefs that the task is rewarding in itself. According to this argument, if a person receives extrinsic rewards for performing an intrinsically motivating task then his/her task motivation will reduce.

Staw (1976) gave more meaning to the Deci (1971) research in work settings. First, the negative effects of extrinsic rewards on intrinsic motivation seem to operate only for interesting jobs. Incidentally, for the reinforcement theory, most jobs on plant floors or in offices are not very interesting and without a pay, most people would not do them anyway. Therefore, Staw (1976) further posits that extrinsic reinforcement is the norm in industrial organisations where tasks are often perceived to be more interesting when they lead to greater rewards. Nevertheless, another factor to be discussed which influences the perceptions of workers and their output is embodied in the expectancy theory.

Expectancy Theory and Performance

Expectancy theory was proposed by Vroom (1964) to target work motivation. It explains why people perform or fail to give of their best to an organisation. Now there are different versions of the model and some are complex but Vroom's (1964) model is based on three key variables: expectancy, instrumentality and valence, which are of interest to this study.

Expectancy theory thrives on the idea that people prefer certain outcomes from their behaviour to others. The theory posits that performance depends upon the perceived expectation regarding effort expended in achieving the desired

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outcome. An employee who desires promotion will only achieve high performance if he/she believes his/her behaviour will lead to promotion or else he/she will not exert effort. Effort-to-performance expectancies range from 0 to 1.0 where zero is no expectation of performing the task correctly and 1.0 signifies absolute faith in being able to perform the task properly (Tosi, Rizzo and Caroll, 1995; Robbins, 1998). Expectancies thus influence whether a person will even strive to earn a reward. Self-confident and well-trained people have higher expectancies than less self-confident ones.

However, performance is considered a joint function of effort, environment and ability. Although a person's effort contributes greatly to performance, without proper ability and a supportive environment no matter how hard one tries, good performance will be impossible to attain. Hence, managers who seek higher performance from employees must offer them the right training and enabling environment so that they can perform well.

The second key belief of expectancy theory is instrumentality. Instrumentality is the perceived likelihood that performance will be followed by a particular outcome. This implies that when employees engage in a particular behaviour they do so with the intention of achieving a desired outcome or reward. Like expectancy, instrumentality can be high or low, ranging from 0 to 1.0 where zero is no chance of receiving the desired reward, and 1.0 is a belief that the reward is certain to follow.

Instrumentality has two levels of outcomes: one is related to the job itself and the other is need-related. The first one refers to the quantity of output or the

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comparative level of performance. When an employee works hard, he expects to accomplish such outcomes as producing quality goods or supplying quality service. The need-related outcomes are the rewards such as recognition, pay raise or praise associated with performance. When an employee successfully accomplishes a first level outcome, it usually leads to a second-level outcome (DuBrin, 1995; Mullins, 1996; and Robbins, 1998).

The last key belief of expectancy theory is valence. It is the worth or attractiveness of an outcome. Valence is the anticipated satisfactions or dissatisfactions that result from outcomes and are the individuals' estimate of the pleasantness or unpleasantness of the outcomes. Valence ranges from -100 to +100. A person who intensely desires an outcome has a valence of +100. A valence of -100 means a person is strongly motivated to avoid an unpleasant outcome such as being fired. On the other hand, a valence of zero signifies indifference to an outcome and is therefore of no use as a motivator (DuBrin, 1995). According to the expectancy theory, the three conditions of expectancy, instrumentality and valence must all be high for motivation to occur. An employee may be unwilling to work hard if that person believes his effort will not lead to task accomplishment or there are no rewards for the performance or the employee does not value the rewards. If the sum of the valence is positive, automatically in most cases the employee will work hard.

Though Mitchell, 1974; Reinharth and Wahba, 1975; Heneman III, Schwab, Fossum and Dryer, 1980 are critical of the expectancy theory, most of the research is supportive of the theory (Porter and Lawler III, 1968; Parker and

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Dyer, 1976; Arnold, 1981; Van Eerde and Thierry, 1996). However, the success

of this theory is associated with the equity theory of motivation.

Equity Theory and Performance

Equity theory explains the motives behind certain employee perceptions

about performance and rewards. Equity theory is applied to the work situation

and is usually associated with the work of Adams (1965). According to the

theory, people are motivated to maintain fair relationships with others and to

rectify unfair relationships by making them fair (Baron, 1983). A fundamental

premise is that individuals want their efforts and achievements to be judged fairly

relative to others. Employees make comparisons of what they put into a job (their

job inputs) and what they get from the job situation (their job outcomes) relative

to those of relevant others. A state of equity exists if the outcome – input ratio of

the employee is equal to that of the relevant others with whom he or she compares

himself or herself. When the employee perceives the ratio is unequal, he or she

experiences inequity tension. A feeling of inequity arises when an individual's

ratio of outcomes to inputs is either less than or greater than that of other people.

No wonder Adam (1965) stipulates that workers prefer equitable pay to

overpayment. Workers feel underpayment inequity when they perceive they get

less from the job than others doing a similar job. According to research findings

by Dunnette and Hough (1990), employees who believe they are underpaid

relative to others reduce the quality of their work. Cowherd and Levine (1992)

support findings that the greater the pay differentials, the lower the quality of the

product. They found that effect in their study of pay differentials between hourly workers and lower-level managers.

The theory also has overpayment inequity. When an employee assesses his or her outcomes and inputs relative to a referent (other individuals or groups) and believes he or she gets more out of the job relative to his or her inputs he or she feels dissatisfaction, anger or guilt and will do something to bring the situation into a state of equity. The presence of inequity in whatever form, will motivate the employee to remove or reduce the tension. Mullins (1996) and Brockner et al (1986) posit that the level of the tension created will determine the strength of the motivation.

Adams (1965) identifies six broad types of possible behaviours as consequences of inequity. Employees feeling underpayment inequity can modify inputs by reducing their inputs, lowering their commitment to the organisation and by not being concerned about equity. Those who experience overpayment equity on the other hand will increase their efforts or raise the quality of their work, or increase their output to restore equity. According to Vecchio (1981), morally mature people have a strong conscience and high ethical standards and are more likely to respond to inequitable situations. Another way of restoring equity is to change the outcomes. Employees with feelings of inequity will strive to get more out of their jobs by seeking pay raises or more privileges. They sometimes do so through filing for grievances.

Apart from the above methods, employees can use cognitive distortion or psychological distortion to reduce inequity. The employee experiencing the

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overpayment inequity would convince himself or herself that his or her job is more important than others are while the underpaid employee could rationalize that his or her job has more status or is more important than he or she earlier believed. Psychological distortions of other person's outcomes and inputs are also possible. The hurting employee may convince himself that his or her overpaid counterpart belongs to a different level in the organisational structure (Mullins, 1996). Furthermore, employees can use absenteeism, request for transfer from the job and resignation as means of reducing inequity or in extreme cases, quitting the job for another company where they can experience equity (De Cenzo and Robbins, 1996).

Yet, according to Mullins (1996), another means of reducing inequity is by changing the object of comparison. If the aggrieved worker finds another person in the company who seems to have a similar ratio of outcomes to inputs, he or she will reinstate a sense of equity. This will help decrease his or her anger and increase job satisfaction and performance.

For malicious employees, reducing inequity means acting against the referent (the other person) behaviourally or psychologically. The underpaid employee may convince the overpaid worker to increase his or her effort thereby increasing his or her inputs and normalizing the ratio. On the other hand, he or she may use a political strategy to undermine the confidence others have in the overpaid employee. By doing this, he hopes the overpaid employee will feel uneasy and quit the job (Tosi, Rizzo, and Carroll, 1995). However, Mullins (1996) stipulates that the solution to the problem of inequity lies on the doorstep

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of managers. Managers can reduce or remove tension and perceived inequity among staff by influencing certain types of behaviour. They can attempt to change a person's inputs or encourage a different object of comparison. More importantly, managers have direct causes of action. They can increase pay, improve working conditions and instigate a person to leave the field through transfer, resignation or dismissal as an extreme measure. However, managers can only do this successfully if they have an understanding of how the attribution theory works.

Job Satisfaction and Performance

A satisfied worker is one who feels fairly treated from the outcomes he/she receives or with the processes used in the organisation. An extensive review of literature indicates that the important factors conducive to job satisfaction are mentally challenging work, equitable rewards, supportive working conditions, supportive colleagues and a good personality-job fit. However, managers are more interested in the effect of job satisfaction on employee performance. This accounts for the large number of studies that assessed the impact of job satisfaction on employee productivity, absenteeism and turnover.

A number of reviews done in the 1950s and 1960s, covering dozens of studies, sought to establish the relationship between satisfaction and productivity. Unfortunately, they could not find any that was consistent (Brayfield and Crockett, 1955; Herzberg, Mausner, Peterson and Capwell, 1957; Vroom, 1964; and Fournet, Distefano and Pryer, 1966).

In the 1990s, the studies were ambiguous. The first view was that a happy worker was a productive worker. As a result, managers showed paternalistic tendencies to make workers happy by having company picnics, forming credit unions, providing counselling services and training supervisors to be sensitive to subordinates. This view of a happy worker was not based on evidence. A careful review of the research showed that if there is a positive relationship between satisfaction and productivity, then the correlations are consistently low near +0.14 (Vroom, 1964; Iaffaldano and Muchinsky, 1985). This means that only about 2% of the variance in output can be accounted for by employee satisfaction.

Though a happy worker is not necessarily more productive than a dissatisfied one, lack of satisfaction among the workforce has its repercussions on the organisation. Job dissatisfaction aggregated across many individuals creates a workforce that is more likely to exhibit higher turnover, higher absenteeism, lower corporate citizenship, more grievances and lawsuits, strikes, stealing, sabotage, vandalism and poor mental and physical health. This can lead to higher job stress, higher insurance costs and more lawsuits. All these consequences of dissatisfaction either directly or indirectly are costly to organisations, according to Henne and Locke (1985).

It is noteworthy that when moderating variables are introduced, the employee satisfaction-performance relationship is improved (Herman 1973; Petty, McGee and Cavender, 1984). Job level is an important moderating variable. When introduced, the satisfaction-performance correlations are stronger for

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higher-level employees. Thus, one might expect the relationship to be more relevant for employees in professional, supervisory and managerial positions.

In addition, when the employee's behaviour is not constrained or controlled by outside factors, the satisfaction-performance relationship is stronger. A stockbroker's productivity is largely constrained by the general movement of the stock market. When the market is moving up and volume is high, both satisfied and dissatisfied brokers are going to earn many commissions. Conversely, when the market is in the doldrums, the level of broker satisfaction is not likely to mean much under the circumstances. In this case whether one is satisfied or not has no bearing on productivity.

Another point worthy of note in the satisfaction-productivity issue is the direction of the causal arrow. Most studies on the relationship between satisfaction and productivity used research designs that could not prove cause and effect. Other studies that reversed the direction indicate that the more valid conclusion is that productivity leads to satisfaction rather than the other way round (Greene, 1973; Lawler, 1973; Petty,McGee and Cavender, 1984).

If a person does a good job, he intrinsically feels satisfied. Additionally, if the organisation rewards him for his productivity by a pay raise, a verbal recognition or possibilities for promotion, the employee's satisfaction with the job is likely to increase.

Most recent research findings support the notion that when satisfaction and productivity data are gathered from the whole organisation rather than at the individual level, there is a positive relationship between satisfaction and

productivity (Ostroff, 1992). Organisations with satisfied employees tend to be more effective than those with less satisfied ones. If previous research did not get a strong support for the satisfaction causes productivity dissertation, it is because studies have focused on individuals rather than on the whole organisation as a unit. Individual-level measures of productivity do not take into consideration all the interactions and complexities in the work process. One of such issues of interest is the relationship between satisfaction, absenteeism and performance.

Satisfaction, Absenteeism and Performance

Several researchers including Locke (1984), Hackett and Guion (1985), Scott and Taylor (1985), Steel and Rentsch (1995) have found a consistent negative relationship between satisfaction and absenteeism but this correlation is moderate.

However, other factors such as the organisation's policies about absenteeism have an impact on the relationship and reduce the correlation coefficient. In organisations where employees have liberal sick leave benefits, both satisfied and dissatisfied employees take days off. When employees have varied interests, they are all equally likely to take days off work to enjoy a three-day weekend.

A study done at Sears, Roebuck, in the late 1970s, illustrates that satisfaction directly leads to attendance where there is minimum impact from other factors. The occurrence of a snowstorm in Chicago created the opportunity to compare the attendance of satisfied and dissatisfied employees at the Chicago office and in New York where the weather was quite nice. Employees at New

York were expected to be at work with normal pressure for attendance while those in Chicago were free to abscond with no penalty. The results of the study showed high absenteeism rates for both satisfied and dissatisfied workers in New York while in Chicago employees with high satisfaction had much higher attendance than those with lower satisfaction. This proves that satisfaction is negatively correlated with absenteeism. However, the nature of the job can influence the level of an employee's satisfaction and performance.

Job Design and Performance

When a job is narrowly defined, only a limited number of skills may be required while more broadly defined jobs demand a wider range of abilities for good performance. In addition, employees with higher-order needs such as self-esteem and self-actualization are more likely to experience satisfaction and produce quality performance. A survey of 200 telephone company employees found that those with higher-order needs in more complex jobs experience higher motivation, satisfaction and quality of performance. To substantiate this, analysis of 20 studies showed that employees with higher-growth needs tended to respond more positively to complex jobs than did those with low-growth needs (Tosi, Rizzo and Caroll, 1995).

Herzberg, Mausner and Synderman (1959) posit that the absence of factors associated with the context of the job such as working conditions, salary, company policy, supervision, interpersonal relations with peers or supervisors cause dissatisfaction. If they are present, the employee's dissatisfaction is lower but this does not necessarily mean that his satisfaction will be high. Therefore, the

presence of hygiene factors like providing fringe benefits, nice offices and good vacation plans only serve to minimize dissatisfaction. They do not lead to higher motivation or better performance.

Rather, motivators are related to high satisfaction and willingness to work harder for better performance. Motivators are related to the content of the job and manifest in the form of responsibility, achievement, advancement, recognition, and the possibility of growth. When these factors are present, an employee is ready to exert more effort and consequently performance is better. Therefore, a challenging job offers satisfaction and motivates employees to perform better. In this case, high pay does not necessarily motivate an employee to perform better; it only removes his dissatisfaction. The theory became a tool in the hands of managers to manage motivation. If employees were dissatisfied, then managers improved the hygiene factors and if the organisation needed better performance, managers improved the motivators.

However, it is worth noting that Herzberg's theory has been a subject of research and controversy. Opponents of the theory claim that the results of Herzberg's research were based on method bias. They argue that he used the incident recall method, an approach in which subjects were asked to think of a good work experience. The natural human tendency of attribution error where people blame others or the context for their failures and attribute good experiences to themselves when they do a good job may have tainted the results. This could have accounted for the particular hygiene and motivating factors. Secondly, critics say Herzberg did not make provision for individual differences.

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Individual self-confidence and skills may affect how each person evaluates whether a job is challenging or not. Despite these lapses, Herzberg's (1959) two-factor theory has provided some guidance for those who design jobs and it is widely used by practicing managers. Most importantly, the theory has directed attention to the role of the work itself as a factor that affects workers' motivation and performance.

According to Tosi et al (1995), job characteristics have a direct bearing on performance. When jobs are meaningful, employees tend to produce fewer errors and lower absenteeism and turnover are recorded. In any case, for jobs to produce the desired satisfaction, feedback on performance is necessary.

Feedback and Performance

Feedback is the process of providing individuals with information about their performance. It should be objective, specific, timely and give a clear indication of how people perceive behaviour and performance. Wherever possible, there should be supporting evidence and actual examples of such specific behaviour (Mullins, 1996). For feedback to effect the correction needed, it must specify what was good about the performance, specify what should be changed about the performance and how it can be done. The one giving the feedback must express confidence in the receiver and in his or her ability to deliver the expected performance. According to White (1996), this type of feedback enhances performance and is motivational. He posits that having well-defined goals for a company can improve performance by 15 to 25 percent in the

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short-term but measuring or monitoring performance provides more. He also agrees with the view that the impact of quality feedback in a one-to-one situation greatly enhances performance. He stipulates that performance can be increased by 80 to 100 percent if goals, monitoring, recognition and quality feedback are properly used. In one financial institution with branches in the U.K. and America, research by White (1996) and others showed that the use of feedback resulted in improvement in performance between 95 and 280 percent.

Feedback consists of four activities namely: monitoring and recognition, positive feedback, corrective feedback and performance reviews. Once goals are set, a monitoring process must be established. Monitoring performance requires that each employee must receive feedback and from that feedback, the organisation can provide the necessary coaching and development along with motivational support. In the opinion of White (1995), this process enables each employee to see the progress he/she is making toward the organisational goals.

In terms of relationship, a monitoring process correlates positively with performance because it provides a constant source of motivation and self-correction for the team or individual employee. It also enables the individual to be responsible for monitoring his or her own performance. In such cases, employees tend to be accurate, honest and up-to-date with their information (White, 1996).

Secondly, feedback should be positive. Positive feedback is appropriate when employee or team actions have produced a result that has helped the individual or team toward their goal. When positive feedback is given as soon as the situation worthy of praise is discovered, it makes the individual or team feels

good about it. This motivates and reinforces the performance especially when praise is publicly given (White, 1996).

In addition, feedback should be corrective and used when an employee's performance has been good but not quite up to the desired or expected standard. It should be designed to assist the person correct a small fault in his/her performance and thus bring it back to the correct standard. Corrective feedback given in private and informally, can assist employees to know what was good about their performance and what could be done to improve performance. In addition, if confidence in the employees' ability to deliver is expressed, in all likelihood, managers will elicit higher performance from such employees (White, 1996; Mullins, 1996).

Furthermore, performance reviews are also an integral part of feedback. These reviews are different from the formal annual appraisals. They are usually informal and are conducted when an employee performs below average or well above expectations. The aim of the performance review is to determine the cause and reasoning behind an employee's performance before coaching or training that individual or managing the situation. It is also used to review goals where performance is far above expectation. According to White (1996), the performance review interview is an informal forum for reviewing progress and giving feedback. However, a more formal way of providing feedback is through the appraisal system.

Evaluating Employee Performance

Every system needs a feedback from its environment to tell how close it is to achieving its targets. In the same vein, organisations use the performance appraisal process to provide a feedback to employees about their performance. However, employees usually receive very little or no feedback at all from their supervisors. In many organisations, the performance appraisal is a formal process in which the supervisor fills out a standard form describing the employee's work, then both supervisor and employee discuss it and the employee signs it. Employees generally see these evaluations as having some direct effect on their pay raise, promotion or personal development. So appraisals can create emotionally charged situations between employees and their supervisor.

However, a performance appraisal is actually meant to benefit both the individual and the organisation. According to Mullins (1996), the benefits of a performance appraisal are numerous. It can identify an employee's strengths and weaknesses and indicate how such strengths may best be utilized and weaknesses overcome. The performance appraisal also helps to reveal problems, which may be restricting progress and causing inefficient work practices. An appraisal can develop a greater degree of consistency through regular feedback on performance thereby encouraging better performance from staff.

In addition, performance appraisal can provide the necessary information for human resources planning to assist succession planning. To determine suitability for promotion and for particular types of employment and training, performance appraisal is needful. It can improve communication by giving staff

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the opportunity to talk about their needs, ideas and expectations. Consequently, performance appraisal improves the quality of working life by increasing mutual understanding between managers and their staff. Performance appraisal as a powerful tool can be used to improve performance.

When properly done, performance appraisal should be a formalized and systematic scheme which enables the supervisor to regularly assess employees' performance, highlight their potential, identify training and development needs, improve their future performance and form a basis for a review of financial rewards and planned career progression.

Furthermore, Ahuja (1988) believes that performance appraisal helps the organisation to maintain an inventory of talented persons. Such an appraisal is also crucial when management has to decide to lay off workers. It helps management to maintain its best workers and shunt out inefficient ones during lay-offs. Performance appraisal can also help management to build a culture that values merit, and during re-hiring of workers, it will be easy for management to give preference to those workers it had previously considered most effective.

Apart from the use of performance appraisal for human resource decisions, for identifying training and development needs, for providing feedback to employees, Robbins (1998) believes it is a powerful criterion for validating selection and development programmes. Organisations now use a combination of several methods for appraising workers but each method has its implications.

Methods of Performance Appraisal

It is the responsibility of management to establish performance standards and devise instruments to appraise employees' performance. The three approaches for measuring employees' appraisals are the absolute standards, relative standards and management by objectives. This research is not interested in the first two and so they are not discussed.

The MBO approach is result-oriented and its advantages surpass those of the other appraisal methods. MBO emphasizes the future, rather than the past that cannot be changed. It gives the employee a more active role, increases his/her sense of responsibility and reduces his/her dependence on his/her boss.

As much as organisations seek to free the performance evaluation process from personal biases, prejudices and idiosyncrasies, distortions still creep into the process. Such distortions emanate from several sources. Single criterion isolates one aspect of a job and assesses that single criterion to the exclusion of other job related factors. This results in a limited evaluation of that job. Appraising an employee either too positively or negatively based on the appraiser's own value system is called leniency-error. It is positive when an evaluator overstates the individual's performance and thus rates him/her higher than he/she actually deserves, and negative when there is an underestimation of performance. Halo error is another distortion. According to Bernadin and Beatly (1984), this error arises out of a tendency to rate either high or low on all factors due to an impression of a high or low rating on some specific factor. Other distortions include similarity error, central tendency and low appraisal motivation. Similarity

error occurs when an appraiser's evaluation of the appraisee is based on how the appraiser perceives him or herself. For example if he is eloquent, he projects this perception unto others, and those who demonstrate this characteristic tend to be rated highly. Central tendency error occurs when a rater is reluctant to make extreme ratings in either direction and continually rate all employees as average. Hence, no differentiation among the subordinates exists. The last of the distortions in the discussion is the low appraisal motivation. Bernadin and Beatty (1984), also stipulate that when evaluators know that the consequences of a poor appraisal will affect promotion or salary raise of their employees, they tend to be reluctant to give a realistic appraisal.

However, despite the fact that performance appraisals have problems, there are ways of making the appraisals more effective. Evidence shows that behaviour-based measures are better than those that measure traits. Many traits like loyalty, reliability and self-expression are intuitively appealing as desirable characteristics in employees but have little or no performance relationship according to De Cenzo and Robbins (1996).

Conceptual Framework

The variables of primary interest in this research are human capital, corporate culture, performance management and organisational performance. Higher organizational performance is dependent on how skilful and talented the human capital is. When the human capital is better educated or trained, has the right attitudes to work and is given supervision and attractive rewards, organisational performance is higher. This results in lower absenteeism rates and higher job satisfaction. Consequently, these conditions produce a positive relationship between human capital and organisational performance. The opposite is true if the necessary human capital indicators are negative. Figure two below is a schematic diagram of these variables of interest and their interdependence.

Performance Management

- Performance Measurement

- Key terms and Concepts of the Job

- Implementation of Favourable Conditions

- Use of Performance Information

Human Capital

- Education
- Training
- Career Management
- Earnings
- Job Satisfaction

Corporate Culture

- Mission and Vision Statements

- Top Management Style.

- Employee Behaviour

- Entrepreneurial Orientation.

- Work Environment and Quality of Service

Organizational Performance

- High Quality Goods and Services

- Customer Satisfaction

- Profits & Market Shares

- Reputation as a Performing Organisation

Source: Author's Construct, 2004

Figure 2: Variables of Interest and their Interdependence

An appropriate performance management system that defines key terms and concepts, establishes and implements performance standards and targets, and uses performance information to guide future decisions will eventually promote a better organisational performance. Hence performance management indicators are also positively related to human capital. If performance is properly managed, human capital will yield of its best, all things being equal.

In addition, a corporate culture positively relates to organisational performance when the culture consciously implements the organisation's mission and vision statements, emphasizes roles, values and norms, and uses these to regulate employee behaviour. It should also encourage autonomy risk-taking, proactiveness and competitive aggressiveness. Such a culture creates conditions for higher profits, better market shares, quality products or services, customer satisfaction and a reputation for being a high performing organisation. The linkages between the variables are interactive because organisational performance is directly dependent on human capital, corporate culture and performance management and vice versa. The more corporate culture supports quality, the easier it will be for performance management to be implemented, and the better the human capital will perform. In the end, all these processes will culminate in a better organisational performance.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter focuses on the methodology used in the study. It begins with a description of the study design as well as methods of data collection and tools used in the data collection. In addition, a description of the pilot study and the methods of data analysis are discussed.

Study Design

The study is cross-sectional, implying that the research is one-shot and encompasses all levels of employees. The setting is non-contrived and the investigation used is non-causal while the extent of research interference is minimal. Apart from using part of respondents' break time for interviews and filling out questionnaires, the activities of the company were uninterrupted by the researcher. The unit of analysis was individual and organisational because the researcher assessed how corporate culture, performance management, and human capital interacted to result in organisational performance.

The study is analytical, comprising a description and analysis of relevant aspects of the phenomena of interest to the researcher.

Study Population

GWCL has its headquarters in Accra with regional and district offices throughout the country. Thirty fault-reporting offices are located throughout Ghana with the following distribution: Greater Accra Region has fifteen centres while Ashanti Region has seven. Five out of these seven centres are located in Kumasi while Obuasi and Mampong have one each. The rest of the eight centres are situated in the remaining eight regional capitals.

As at 31st March 2004, GWCL had a staff strength of four thousand six hundred and ninety-two employees. The regular staff consists of three thousand, nine hundred and twenty-six members. One thousand and fifty-one out of the regular workforce are senior staff while the remaining two thousand, eight hundred and seventy five constitute the junior staff. The non-regular staff strength is seven hundred and sixty-six while the regular male workers are three thousand four hundred and thirty, making 87.37% of the workforce. The regular female population is four hundred and ninety six, constituting 12.63% of the total number of regular staff. Activities of GWCL are coordinated and directed by a seven-member board of directors and a Chairman. The management team consists of the Managing Director, thirteen, Chief Managers at the Head Office and ten Regional Managers, one for each of the ten regions in the country. Fig. 1.1 in Appendix D shows the details of the control system in GWCL.

Sampling Procedures

It was necessary to use the GWCL headquarters because this was where the researcher expected to gather information relating to human capital, performance management, corporate culture and organisational performance and it also had a good representation of all the departments in GWCL. In this vein, the research was conducted between 2004 and 2005 at GWCL Head Office.

According to Ary, Jacobs and Razavieh (1990), sampling is indispensable to the researcher because it is sometimes virtually impossible to use the entire population for a research. Since results from samples are sometimes more reliable than those from entire populations, 100 respondents were initially selected from the total population of two hundred and twenty-seven at the Head Office. The departmental list of employees was used to select ten junior and ten senior staff from each of the five departments. The female population in GWCL is so small that the respondents could not be categorized into equal numbers of males and females, so rank was used. Although hundred respondents received questionnaires, only 40 junior staff and 40 senior staff successfully returned the questionnaires. This constitutes 34% of junior staff and 36% of senior staff respectively.

Other females in their departments replaced the female respondents who refused to participate in the research. Others also replaced the respondents who failed to return the questionnaires. However, persistent visits helped the researcher retrieve most of the questionnaires.

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The researcher used a combination of the simple random and stratified random sampling techniques to select respondents. The population was first divided into mutually exclusive groups of junior and senior staff. The females in GWCL are few and some were unwilling to participate in the research, so the researcher had to use a disproportionate stratified random sampling procedure to create homogeneity within each stratum of junior and senior staff. This method was chosen to avoid eliciting views from one or two females that would not be representative enough of the females in the company. After stratifying the elements, the simple random sampling method was used to select respondents.

The names of all the junior staff were written on pieces of paper and folded into a container. One name was picked at a time until all fifty junior respondents were selected. The process was repeated to select the senior staff. This technique was appropriate and meaningful in the context of the study because each employee got a chance of being selected and it offered the researcher the opportunity to assess the knowledge, skills and qualification of both groups separately.

The sample size was chosen based on the formula of Neumann (2000). The total population in GWCL Head Office was 227 employees and the researcher used a sample size of about 50% comprising 100 respondents. The total sample that was reached was 100 while responses received were 80. Therefore:

Total Response Rate $= \underline{80 \text{ (total number of responses)}}$

100 (total number of in sample)

$= 80\%$

Active response rate $= 80 \text{ (total number of responses)}$

100 (total number of sample)

$= 80\%$

Calculation of actual sample size

The researcher wanted a minimum size of 60 and an estimated response rate of

70%. With this, the calculation for the sample size was made:

$N^a = \underline{n \times 100}$ N^a = actual sample size required

$R^c \%$ n = minimum sample size

$R^c \%$ = estimated response rate expressed as percentage

$N^a = \underline{60 \times 100} = 86$
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Therefore, the actual sample size required $= \underline{\text{Minimum sample size} \times 100}$
                                                    Estimated response rate expressed in %

Based on the calculation above, a sample size of 100 was selected. Excluding the

non-regular staff, the total population of both junior and senior staff was nearly

the same therefore, the researcher divided the sample proportionately between the

two groups.

Pre-Test

The questionnaires were pilot tested by two managers and ten employees

at Community Water and Sanitation Agency in Accra. This organisation was

chosen because its operations are similar to GWCL and the researcher needed to refine the questionnaires and remove any difficulties in answering them.

To establish content validity, the questionnaires were reviewed by an expert before the pilot testing and amendments made according to Mitchell (1996). The completed pilot questionnaires were finally checked to ensure that respondents had no difficulty in understanding and answering them as opined by Fink (1995).

The data collected from the pilot test was analyzed to ensure that the data would help the researcher answer the research questions. In addition, the pilot test gave an assessment of the questions' validity and likely reliability of data to be collected.

Data Collection Methods

The main primary data collection methods used to elicit responses from individual respondents were the face-to-face, structured and unstructured interviews, non-participant observation and personally administered questionnaires. The data was collected in the natural working environment of GWCL Head Office between 2004 and 2005 and variables were not manipulated.

The observation provided an assessment of worker attitudes while the interviews gave the researcher the flexibility in terms of adapting the questions to meet the particular needs of respondents. On the other hand, the questionnaires elicited more efficient data in terms of researcher time, energy and costs. To further ensure the accuracy of the information obtained, the researcher used the

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unobtrusive method of data collection by extracting data from the company's corporate plan and other records. Data sources were thus both primary and secondary.

At the initial stage, the researcher used unstructured interviews to assist in the formulation of a good idea about what variables needed further in-depth investigation. To understand why the performance of GWCL is abysmal, the researcher used varying open-ended questions to interview several employees at different levels.

After formulating a good idea about the variables that needed to be investigated, the researcher conducted some structured interviews from a predetermined list of questions but a few questions were based on the exigencies of the situation. The advantage here is that new factors were identified and the researcher got a deeper understanding of the company.

Two weeks later, the researcher visited employees in their natural work environment to observe how they normally work. The observation was unstructured because the researcher, a non-participant observer, only wanted to observe record and generalize about how employees work. Since data observed from a researcher's point of view could be biased and the respondents could behave differently during the period of the study, the researcher later personally administered questionnaires to respondents. The use of these multi-methods was necessary to lend credibility to the research instruments and the data obtained through such instruments.

In addition, the researcher used non-participant observation schedules to assess how workers behave on the job and later structured interview schedules and questionnaires were used to elicit the required information. Some managers preferred the interviews to filling the questionnaires because they did not have time to write while some junior staff had the questionnaires read and explained to them because their level of education was low.

In all, 100 questionnaires were administered equally between the senior and the junior staff. Ten unstructured and ten structured interviews were also granted. Two respondents from each of the five departments of junior and senior staff were interviewed using both structured and unstructured interviews. Each interview and questionnaire took about 20 minutes to complete.

To raise the questionnaire response rate, the researcher made personal contacts with respondents by visiting their offices or workshops to administer the questionnaires. This raised their perceived importance of the study. In addition, the researcher gave non-monetary incentives in the form of specially designed pens to motivate respondents who successfully completed the questionnaires. The researcher also assured respondents of anonymity hence resulting in an 80% response rate received.

Data Analysis

After the questionnaires, interview responses and observational data had been collected from a representative sample of the population, the researcher prepared the data for analysis. There were no blank responses because the

researcher personally read out questionnaires to the junior staff who could not read and got responses from them. Afterwards, answers to open-ended questions from the interviews, observations and questionnaires were systematically categorized under broad headings. At this stage, it was necessary to follow up with a few respondents whose responses appeared contradictory for verification. The questionnaires were then sequentially numbered, coded and the variables were categorized such that the items measuring a particular concept were all grouped together for feeding into the SPSS programme to analyze the data.

Keying the raw data was manually done and to ensure correct figures were entered into the right columns, another person read out each of the figures on the code sheet as the researcher checked for the accuracy of the keyed-in data from a printout of the raw data entered into the computer. This exercise was necessary to check for accuracy. Descriptive statistics generated from the Statistical Product and Service Solutions (SPSS) provided tables and frequencies to analyze the data.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

Chapter four consists of the data analysis relating to human capital, corporate culture, performance management, bottlenecks and their impact on performance in GWCL. Out of the hundred questionnaires administered to both the senior and junior staff of Ghana Water Company Limited, eighty were retrieved. Hence, the analysis is based on 40 junior and 40 senior respondents beginning with a brief overview of GWCL's human capital.

Human Capital

The first objective of the study examined the quality of GWCL's human capital and how it affects organisational performance. The presentation covers the characteristics of the respondents, their knowledge, skills and qualifications, educational background, training, career progression, earnings, productivity and job satisfaction.

Characteristics of Respondents

Table 1 shows the age and sex of respondents. Less than 18% of respondents are females while the biggest group consists of 40-49 year olds made up of 30% males and 6.3% females. This is followed by the 50-59 age group which is 28.8%. The smallest group, on the contrary, consists of the 20-29 year olds, forming 13.8 % of the total population. The company seems to have an aging workforce and this can have repercussions on workers' ability to perform since most of the digging, and laying of pipes is manually done. Even if such workers have the skills to dig, lay or repair pipes, they certainly do not have the capabilities to do such work because of their age. This inability to perform manual work surely does not augur well for high performance. Therefore, the next analysis focuses on the knowledge, skills and qualifications of employees with respect to best practices.

Table 1: Age and Sex Distribution of Respondents

Age	Male	Female	Total	Total %
20-29	8	3	11	13.8
30-39	13	4	17	21.3
40-49	24	5	29	36.3
50-59	21	2	23	28.8
Total	66	14	80	100.0

Source: Field Survey, 2004

Knowledge, Skills and Qualifications of Employees

Knowledge, skills and experiences are innate, derived or accumulated and are embodied in the workforce that allows it to work productively with other forms of capital to sustain economic production thereby giving the organisation a competitive edge. Under this section, the researcher assessed the calibre of GWCL's staff in terms of their educational background, training, career management, earnings and index of job satisfaction to ascertain whether employees have the requisite knowledge, skills and competences for the jobs they do.

Educational Background

Table 2 shows that 95% of senior staff respondents are highly educated with at least a diploma, ACCA, first or second degree. Only 5% have the G.C.E. O Level. On the contrary, 40% of the junior staff respondents have the BECE, standard seven certificates or no certificates at all. The others have the SSSCE, NVTI, GCE 'O' or 'A' Level Certificates. This shows the level of junior staff education is low. In addition, findings from the company's Corporate Plan 2004-2006 indicate that the Accounts Department has unskilled labour. This impl. s that the knowledge, skills and experiences of some workers are not commensurate with the work they do in GWCL. During the interview sessions with some junior staff, they admitted that they came to the company without the requisite skills but had to learn over the years to acquire the right experiences and skills for the jobs. Consequently, it is interesting that these workers were certainly not operating

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according to best practices at the time they were employed. They had no knowledge, skills or experiences to contribute positively to the company then. These findings are similar to the analysis made by Stiles and Kulvisaechana (2001), supporting the view that the performance of a workforce depends on its knowledge, skills and capabilities. An experienced and skillful workforce is obviously an asset and the importance of training cannot be gainsaid.

Table 2: Qualification of Respondents

Qualification	Junior Staff		Senior Staff		Total No	Total %
	No	%	No	%		
No certificate	1	1.3	-	-	1	1.3
Standard seven	11	13.7	-	-	11	13.7
BECE	4	5.0	-	-	4	5.0
NVTI	8	10.0	-	-	8	10.0
SSSCE	3	3.7	-	-	3	3.7
GCE O' Level	8	10.0	2	2.5	10	12.5
GCE A' Level	5	6.3	-	-	5	6.3
Diploma		-	15	18.7	15	18.7
ACCA		-	4	5.0	4	5.0
1st Degree		-	14	17.5	14	17.5
2nd Degree		-	5	6.3	5	6.3
Total	40	50.0	40	50.0	80	100.0

Source: Field Survey, 2004

Training

Training bridges the gap between desired targets and actual levels of performance according to Davenport's (1999) findings. Unfortunately, GWCL has not given training the attention it requires as some departments spend more on entertainment than on training. The company lacks qualified staff in certain departments and succession planning in general is poor. According to the company's Corporate Plan 2004-2006, the Commercial, Internal Audit, Accounting and Finance, and Water Quality Assurance Departments have staffing far below the present work scope and staff training is inadequate. A large number of accountants without the requisite training for the performance of their work also exists in the company. For instance in Table 3, the company budgeted more money for entertainment than training in 2001, 2002 and 2005. For three consecutive years 2003-2005, some regions had not received any training while large sums were spent on entertainment. The absence of a substantial investment in training promotes poor worker attitudes, according to Drucker (1964), and 77.5% of respondents agree with this finding.

Sixty-two out of a total of eighty respondents said they rarely received or have never received in-service training since their appointment to GWCL However, for the remaining eighteen who received it, the training was relevant. These findings prompted the need to assess the career management of the company to ascertain why this was so.

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Table 3: Operating and Maintenance Budgets for 2001-2005

Years	2001		2002		2003		2004		2005		Total	
Training and Entertainment	T	E	T	E	T	E	T	E	T	E	T	E
ATMA	10	16	4	10	10	5	0	0	0	30	24	61.0
Kumasi	8	12	3	10	5	3	10	5	10	7	36	36.5
Sekondi/ Takoradi	8	12	6	10	5	2	0	5	5	5	24	34.0
Cape Coast	8	8	6	8	5	2	10	2	5	1	34	21.0
Total (millions)	34	48	19	38	25	12	20	12	20	43	118	152.5

Source: GWCL's Corporate Plan 2004-2006

Career Management

Table 4 shows the career progression according to rank. Respondents affirmed that there is no fixed plan of managing careers in terms of opportunities in GWCL. This notwithstanding, the senior staff respondents have better career opportunities than the junior staff. Over 77% of the senior staff confirmed that their career progression was encouraging or very encouraging. On the contrary, 95% of the junior staff respondents said their career progression was discouraging or very discouraging. For example, some labourers worked for thirty years before they were promoted to the rank of artisans while others with the same length of service were still labourers. The lack of a definite career management in GWCL for junior staff was one of the things employees lamented about during their interview with the researcher.

Table 4: Career Progression of Staff

Career Prospects	Junior Staff		Senior Staff		Total	Total
	No	%	No	%	No	%
Very Encouraging	-	-	1	2.5	1	1.3
Encouraging	2	5.0	30	75.0	32	40.0
Discouraging	15	37.5	9	22.5	24	30.0
Very Discouraging	23	57.5	-	-	23	28.7
Total	40	100.0	40	100.0	80	100.0

Source: Field Survey, 2004

According to De Cenzo and Robbins (1996), the unavailability of the needed talents, high performers and frustration among a workforce is attributed to the absence of career management. Davenport (1999) also affirms that if firms want to focus on business results, they must focus on career management. Because employees have no prospects of developing their careers, 77.5% of respondents confirmed Davenport's (1999) findings that they would reduce their performance or quit the firm for a better one if they got the chance. This is so because higher career prospects eventually result in higher earnings and therefore there is the need for a discussion on earnings and productivity.

Earnings and Productivity

During the interview, 92.5% of employees complained about their earnings and in Table 5 more than 50% of respondents agreed that their output directly or somehow depended on their earnings. These results suggest a positive

relationship between earnings and productivity thereby supporting the views of Robbins (1999) that failure to use pay as an incentive will reduce productivity.

Table 5: Earnings and Productivity

Earnings	Junior Staff		Senior Staff		Total	Total
	No	%	No	%	No	%
Output depends on Earnings	16	40.0	13	32.5	29	36.3
Output somehow depends on Earnings	5	12.5	9	22.5	14	17.5
Output does not depend on Earnings	19	47.5	18	45.0	37	46.2
Total	40	100.0	40	100.0	80	100.0

Source: Field Survey, 2004

On the other hand, 46.2% said there was no relationship between their output and earnings. This is however consistent with findings by Deci (1971) that people's internalized values and beliefs can influence their performance irrespective of their earnings. Perhaps these respondents derive their motivation from the job itself or the status they have in the company.

Although 47.5 % of junior staff decried their low earnings, they argued that their output did not depend on earnings. This finding contradicts the literature by Robbins (1999) that low earnings reduce productivity. However, these workers explained that the risk of being injured during the process of laying or repairing pipe preoccupied their minds, so they had no time to think about their meagre

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salaries, during those moments. This may account for the lack of relationship between their earnings and productivity.

Job Satisfaction and Production

There is no clear relationship between job satisfaction and production among junior staff. While half of the junior staff respondents claimed that their level of satisfaction positively affected their production, the same number affirmed that their job satisfaction negatively affected their production as shown in Table 6 below.

Table 6: Job Satisfactions and Production

Job Satisfaction	Junior Staff		Senior Staff		Total	Total
	No	%	No	%	No	%
Positively affects Production	20	50	36	90	56	70
Negatively affects Production	20	50	4	10	24	30
Total	40	100	40	100	80	100

Source: Field Survey, 2004

On the other hand, whereas ninety percent of senior staff believed their satisfaction positively affected their production, only 10% said it negatively affected production. This confirms the findings by Herman (1973) and Petty, McGee and Cavender (1984), that the satisfaction-performance correlations are

stronger for higher-level employees. In the light of this, it was found relevant to ascertain whether rank had any association with job satisfaction in GWCL.

Job Satisfaction and Rank

In Table 7 below, only ten percent of senior respondents were not satisfied with their jobs while about sixty-three percent of junior respondents were dissatisfied or very dissatisfied with their jobs. This implies that job satisfaction among the senior staff is higher than among the junior staff. However, it is interesting to note that the dissatisfied junior staff gave several reasons why their lack of satisfaction did not affect their production.

Table 7: Job Satisfactions and Rank

Job Satisfaction	Junior Staff		Senior Staff		Total	Total
	No	%	No	%	No	%
Very satisfied	6	15.0	7	17.5	13	16.3
Satisfied	9	22.5	29	72.5	38	47.5
Dissatisfied	13	32.5	4	10.0	17	21.2
Very dissatisfied	12	30.0	-	-	12	15.0
Total	40	100.0	40	100.0	80	100.0

Source: Field Survey, 2004

First, they believed that the nature of their work requires precision and one cannot afford to allow his lack of satisfaction to affect his production. Secondly, they said there were no ready jobs on the job market and if their rank and job

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satisfaction affected their production, they would risk losing their jobs during a redundancy exercise. This finding suggests that a happy worker is not always the most productive worker and it is consistent with the literature by Henne and Locke (1985). Since job satisfaction does not always positively affect production, the discussion will focus on factors in the corporate culture for answers.

Corporate Culture

Since its conversion from a Corporation into a Limited Liability Company, the internal culture of GWCL has not experienced any significant positive change. This second objective evaluated the type of culture that exists in GWCL and how it promotes or hinders performance. The area of analysis included the mission statement, management style, worker attitudes, co-worker relations, quality of service, communication channels and entrepreneurial orientation.

Mission and Vision Statements

A mission statement captures the reason why a company is in business and should remind and galvanize employees to perform their duties well. In fact, only 7.5% of respondents could say something close to the mission statement. Half of them had never heard anything about the statement. This simply means that the workers do not know the mission of the company and for that matter, what is expected of them. This ignorance speaks volumes of the level of apathy in GWCL. It is also an indication of a lack of sound corporate culture or

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management's inability to sensitize the staff. According to Robbins (1999), an organisation's corporate culture depends on the effectiveness of its mission and vision statements.

Top Management Style

Top management in GWCL is generally autocratic according to the opinion of respondents and the culture emphasizes seniority instead of competence. Supervisors are generally Theory X men who believe workers have no initiative, have to be directed, threatened or punished. From the researcher's own observation and interview with junior staff, supervisors are impolite. Consequently, hard feelings are prevalent among junior staff and supervisors.

Though some supervisors are firm and supportive, nearly 60% of respondents believe their supervisors are harsh, over demanding, inconsistent with their instructions, insensitive and ignore good suggestions from subordinates. However, according to Hitt, Ireland and Hoskisson (1999), employee involvement and empowerment are likely to produce better performance outcomes if top management completely supports the corporate culture.

During the interview, almost all respondents agreed that their supervisors have the right technical knowledge to get the job done but the absence of end of service benefits in GWCL has made supervisors insensitive to the demands of the job and greedy for personal gain. These attitudes give rise to various employee behaviours that affect performance.

Employee Behaviour

In GWCL, worker attitudes need an improvement. Workers spend extra hours on their break. There is no sense of urgency in performing their duties. From the researcher's personal observation, some workers had the time to crowd around a radio to listen to a football match commentary instead of working. If the company had had a good corporate culture, such behaviour would have been regulated to suit values and norms in the work environment (Hitt et al 1999).

Meanwhile both junior and senior staff respondents claimed that their attitude to work was either positive or very positive. Only 3.7% of respondents said their attitude to work was either negative or very negative. In the same vein, only 5% said their absence rate was undesirable. The rest claimed that they were hardly absent or never absent unless they were sick. These responses could be as a result of a self-serving bias. According to the attribution theory by Heider (1958), people usually attribute good outcomes to themselves and failures to circumstances or to others and exhibit the tendency called fundamental attribution error. Tables 8 and 9 below display the relevant information.

Table 8: Work Attitudes of Respondents

Attitude to Work	Number of Respondents	Total %
Very Positive	28	35.0
Positive	49	61.2
Negative	2	2.5
Very Negative	1	1.3
Total	80	100.0

Source: Field Survey, 2004

Table 9: Absence Rate of Respondents

Absence Rate	No of Respondents	Total %
Almost always absent	1	1.3
Often Absent	3	3.7
Hardly Absent	49	61.3
Never absent unless sick	27	33.7
Total	80	100.0

Source: Field Survey, 2004

Absence of friction among employees is a good ingredient for better performance and GWCL has no co-worker problems. Only 5% of them have strained relations and this number is negligible. This notwithstanding, there is no strong peer-group pressure that can inject elements of entrepreneurial orientation into the company to influence high performance.

Entrepreneurial Orientation

According to Hitt et al (1999), companies with an entrepreneurial orientation consisting of autonomy, innovativeness, risk-taking, proactiveness and a competitive aggressiveness among employees are able to influence them to turn such companies into successful ones. It is unfortunate that all these elements are non-existent in GWCL according to all respondents. Autonomy is non-existent and high flyers are not recognized, so innovation and drive to excel are stifled.

Furthermore, the work environment for over 60% of junior staff is deplorable. Because some of the pipe fitters have to dig trenches across live wires or work in stench-filled gutters without appropriate protective clothing, the quality of service is poor. Consumers sometimes do not receive adequate supplies of water or they receive incorrect bills or unwholesome water from broken pipes. Almost all respondents believed that several customer complaints against GWCL were justifiable. Twenty-seven and half percent affirmed that unattended-to burst pipes had been a problem the company was grappling with. However, 57.5 % said the company has failed to supply adequate water to customers while it sometimes billed some who had not received water. Twelve and half percent said the company's performance was poor. The rest of the 2.5% believed that illegal connection of pipes was a big problem.

According to half of the respondents, GWCL's inability to satisfy her cherished customers stems from the lack of proper control and supervision. It is interesting to note that GWCL loses half of the volume of water produced, but no worker blamed burst pipes and unaccounted-for water as the true cause of

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GWCL's poor performance. A few attributed the problem to financial constraints and obsolete equipment while the majority laid the blame at the doorstep of senior management. Employees believed that if top management properly managed performance, the situation could be mitigated.

Performance Management of GWCL

This section discusses the third objective by assessing GWCL's performance based on performance measurements. It also deals with implementation conditions and the use of performance information.

Performance Measurement

The performance measurement instrument consists of key terms and concepts of the job, performance standards and targets, accountability and decision-making.

Though GWCL has general performance targets for its departments, individual employees do not have key concepts of their jobs explained to them nor do they have individual specific targets to achieve. Sixty percent of respondents affirmed that they had no key concepts about their work while 92.5% said they did not have specific targets set for them. According to 65% of respondents, their bosses set goals. These traditions are a deviation from best practices where goals are mutually set and individual targets promote better performance. According to Nakamura and Warburton (1988), when key terms and concepts are defined for workers, it minimizes misunderstanding and fosters

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consistency throughout the organisation. It also serves as a fair measuring tool for all levels of employees and courts their co-operation. Table 10 below presents details on GWCL's performance on its core areas of water production and water sale.

Water production has been oscillating from 1999-2003 according to the company's corporate plan. There was a decrease in water production in 2000, a slight increase in 2001 and a further increase in 2002. For the first half of 2003 performance was low with a variance of 11%. There are no reasons for the abysmal performance in 2000 but in 2001 the breakdown of the electric transformer at Kpong Headworks and the on-going rehabilitation works at Weija were the reasons for the poor performance.

Table 10: Review of Gwcl's Performance (1999-2002)

Year	1999	2000	2001	2002
Water Production (mil m³)	194.6	184.9	188.3	205.0
Water Sales (mil m³)	87.9	89.9	89.9	85.1
Level of Non Revenue Water %	55.0	51.0	52.2	58.0
Level of Unaccounted-for Water %	-	-	-	50.0

Source: GWCL's Corporate Plan for 2004-2006

There were no records for unaccounted-for water from 1999-2001. Since its conversion to a limited liability company in 1999, GWCL could not make a distinction between non-revenue water and unaccounted-for water until 2002. Non-revenue water is authorized water usage for fire fighting, main flushing,

reservoir cleaning, GWCL official residences and offices and testing new pipelines. On the other hand, unaccounted-for water includes water from leakages, illegal connection, by-passing of meters, billing and meter reading errors.

The inability of the company to know how much water was unaccounted for, coupled with the fact that 50% of the volume of water produced in 2002 was unaccounted for, indicate that the level of waste and inefficiency in GWCL is unacceptable.

Water sales for 1999-2002 also showed an oscillating performance. In 1999, a mass disconnection led customers to illegally connect their pipes, causing a great loss to the company. There was an increase in 2000, a slight decrease in 2001 and a further huge decrease in 2002 even though the Weija treatment plant had been expanded. This is a typical case of poor monitoring and control by management. From the above table, water sale has never exceeded water production. This implies that the company is producing at a loss so it is appropriate to assess why this trend has persisted.

Performance Standards and Targets

Table 11 presents targets and actual performance for 2003. All areas of efficiency/productivity measurements are negative apart from Staff Cost/Revenue, Operating Ratio, and Administrative Expenses. According to 92.5% of respondents, the company does not have performance standards and targets for individuals. Though performance standards in terms of goals are challenging they

are not specific according to 60% of respondents. Consequently, the company

records negative performance.

Table 11: Performance Targets (2003)

Efficiency/ Productivity	Target	Actual	Performance Variance	Remarks	Actual 1st Quarter	Actual 2nd Quarter
Non-Revenue Water (%)	50.0	57.0	14.0	Negative	55.7	58.3
Unaccounted-for Water (%)	40.0	49.0	22.4	Negative	48.2	49.7
Metering Ratio (%)	60.0	47.5	20.9	Negative	48.5	47.5
Collection Ratio (%)	90.0	72.1	19.9	Negative	71.1	73.2
Staff Cost/Revenue (%)	20.6	19.7	3.8	Positive	16.4	23.1
Operating Ratio (%)	83.1	76.1	8.6	Positive	70.9	81.1
Admin Expenses/ Total Revenue (%)	42.3	19.0	55.1	Positive	16.4	21.6
Staff Strength (no)	4,694	4,436	0.9	Negative	4,727	4,746
Labour Productivity (billion)	44.66	42.5	4.8	Negative	21.2	21.4

Source: GWCL's Corporate Plan for 2004-2006

Furthermore, information from the company's corporate plan indicates

that targets are hardly achieved. Only 20% of a 100% target of its research

programme was achieved in 2003 while staff training targets were 45% met. By

the end of the first quarter of 2003, no installations of consumer meters had been

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made even though 15,000 conventional meters. 2,000 prepayment meters and 1,000 prepaid yard meters had been targeted. Repairs of 5,000 meters and installation of 25 bulk meters had also not been implemented. The annual report for 2001 was not ready by 2003 and the corporate plan that was supposed to have been submitted in 2002 was only ready in 2005. This is a sad picture of the degree of inefficiency in GWCL.

Accountability and Decision-Making

Employees in GWCL are hardly made to bear the brunt of their actions or inactions because accountability and decision-making are lax. There are no stringent rules compelling workers to be accountable for their actions so they are simply queried, counselled or suspended when they perform badly. Decision-making is from top to bottom and suggestions from junior staff are hardly implemented according to 90% of them.

GWCL has a traditional administrative culture. According to all respondents, there are no implementation conditions of performance management (like the use of a results-based culture) to promote performance management. Consequently, even though the company has an implementation policy to collect debts within two months, it has never been able to collect its debts until after five months.

Performance information is also not used to determine weaknesses and strengths of the organisation. Therefore, the Accounts Department, for instance, has large numbers of unskilled labour. Communication channels are from top to

bottom and eighty-five percent of senior respondents affirmed that these channels are open while 15% say they are frustrating. However, 87.5% of junior staff believed that the channels are not open. They claimed that sometimes they came to work and found certain activities going on without their prior notice. The fact that responses between senior and junior staff are conflicting could be because most of the junior staff is semi-literate and supervisors do not provide them with adequate information. The researcher is tempted to accept the opinion of the junior staff because the approval letter to collect data by the researcher had not got to some departments in the same building weeks after it was supposed to have been circulated.

Grapevine is rife in GWCL because of the lack of information or its insufficiency. No wonder Epstein and Olsen (1996), and Nakamura and Warburton (1998) stipulate that the only useful information is the one which is valid, reliable and backed by independent checking or auditing. This kind of information does not only build a database to guide future decisions but also helps employees to maintain accurate records thereby ensuring better performance.

Bottlenecks to Organisational Performance

This section discusses the fourth objective and identifies the bottlenecks that impede GWCL's performance. Among them are logistics and equipment, financial constraints, billing and debt recovery, illegal connections and wastage, lack of staff motivation and commitment from management.

High foreign exchange rates affect cost of imported machinery and water treatment chemicals. The unavailability of foreign exchange has therefore, resulted in the use of inadequate tools or materials, obsolete plant and machinery for production according to 77.5% of respondents. These however, are not the only bottlenecks.

GWCL's financial constraints stem from its operations. Table 12 below presents the company's consolidated income and expenditure account for five years from the time of its conversion to a limited liability company. Total operating costs are way above total income; implying that GWCL's operations are not cost-effective or sustainable.

Table 12: Consolidated Income and Expenditure Accounts (1999-2003)

Income and Expenditure	1999	2000	2001	2002	2003
Total Income	111,226,000	137,117,751	206,482,780	283,550,857	409,334,075
Total Operating Cost	100,732,000	397,274,963	420,257,580	488,986,000	392,803,921
Deficit and Exchange Loss (in billions)	(44,837,000)	(396,319,422)	(216,158,654)	(217,435,143)	(322,416,072)

Sources: GWCL Corporate Plan for 2004-2006

Figures on production costs as against revenue indicate that the company is struggling to break even. Pricing is low as huge sums are spent on electricity and exchange losses while government cannot charge economic prices because

water is considered a social service. This notwithstanding, the most important constraint is the inability to manage wastage after production.

According to Table 10, wastage constitutes over 50% of the water produced. The company has no records of illegal connections neither does it have stringent rules for penalizing culprits. On the other hand, employees are not accountable when they fail to promptly repair burst pipes. All these problems call for a proper billing and debt recovery mechanism.

In the year 2000, the cost of water per litre was ¢1.02 and it was sold at ¢0.76 a litre. This means the company was running at a loss of ¢0.26 per litre. This problem is caused by under-billing where commercial customers are categorized as domestic and inadequate metering results in the use of average billing. The target for debt recovery from 5 months to 2 months has never been achieved while collection centres are few and not strategically placed. These all suggest a performance lag in GWCL. These findings are similar to findings by Kendie (1992), that government is more interested in expanding the water supply than raising the charges on water for political expediency. However, senior management can use motivation to improve the situation.

Nearly 80% of respondents affirmed that low pay is responsible for bad work attitudes in GWCL. Consequently, workers reduced their efforts to match their pay or quit the company when the opportunity presents itself. The work of Davenport (1999) supports the finding that low pay has a propensity to make workers reduce or withdraw their efforts.

On the issue of type of pay, 82.5% of respondents wanted a pay based on performance instead of the current one based on qualification. While all respondents said poor work culture and unfair treatment of workers is responsible for non-performance among workers, 81.8% of respondents said low remuneration and lack of in-service training are also a direct cause of non-performance. Seventy point seven percent of respondents attribute non-performance to the lack of proper control and supervision by management.

Forty percent of staff also affirmed that senior management hardly did anything to motivate them while another 40% claimed that the only motivation they got was in the form of pep talks, durbars and a little salary raise. These methods have proved futile and management will have to revise them.

Though performance appraisal in GWCL measures core values that fit the company's standards by the assertion of 80% of respondents, employees do not know for sure by what criteria these are assessed. When asked about their confidence in the reward system, over 60% of them answered in the negative.

This practice is inconsistent with the literature as performance appraisal is a powerful tool that can be used to improve performance and should be open. It is supposed to give workers an opportunity to talk about their needs, ideas, and expectations according to Mullins (1996).

Table 13 below shows that the usual form of motivation given to workers is praise while workers actually want a good appraisal and promotion. These figures confirm that there are no incentives to work hard or a strong motivation to respond promptly to customer demands.

Table 13: Motivation by Superiors

GWCL's Motivation	No	Total %	Expected Motivation	No	Total%
Praise	22	55.0	Good appraisal /Promotion	31	77.5
Pay raise	4	10.0	Praise	4	10.0
Promotion	9	22.5	Compensation	4	10.0
No recognition	5	12.5	No motivation	1	2.5
Total	40	100.0	Total	40	100.0

Source: Field Survey 2004, GWCL

On the issue of feedback, 95% of respondents said they hardly received feedback on how well they performed. According to White (1996), feedback should enhance performance and must be motivational. Mullins (1996) stipulates that for feedback to be effective it must specify what was good about the performance, what should be changed and how to do it. Findings by White (1996) also indicate that the use of feedback resulted in improvement in performance between 95 and 280 percent. Regrettably, GWCL does not use this performance management technique to move out of its doldrums.

Over 80% of respondents would want an improvement in their working conditions, risk allowance and safety tools. They believe that for the company to satisfy its customers, it must first seriously consider motivating its staff to work better.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents a brief summary of findings, conclusions and recommendations based on the study. The study examined the quality of human capital in GWCL (in terms of its knowledge, skills, and qualification), the company's corporate culture and performance management system in respect to best practices. Bottlenecks that impede performance were also identified and the summary, conclusions and recommendations are based on these objectives.

Summary of Findings

The main findings are summarized according to the objectives of the study and included are aspects of the methodology used.

The research was conducted at the GWCL Head Office with a sample size of one hundred respondents. A combination of simple random and a disproportionate stratified random sampling were used to select the respondents and to create homogeneity within each stratum of junior and senior staff.

The study is cross-sectional, with a non-contrived setting and the investigation is non-causal. The research interference is minimal while the unit of

analysis is individual and organisational. The study is also analytical and descriptive of relevant aspects of the phenomena of interest to the researcher.

Data collection included structured and unstructured interviews, non-participant observation and pre-tested questionnaires. The data was collected in the natural environment of GWCL and variables were not manipulated. Descriptive statistics from the Statistical Product for Service Solutions were used to analyze the data.

The objectives of the study are summarized under the following headings: Human Capital, Corporate Culture, Performance Management and Bottlenecks to Organisational Performance.

Under human capital, the summary covers the following areas of characteristics of respondents, educational background, training, career management, earnings, productivity and job satisfaction.

The ages and sexes of respondents show that the majority of employees are between 40 and 49 years, comprising 36.3% respondents. On the other hand, the youngest age group constitutes only 13.8% of respondents. There is no gender parity in GWCL as only 17.5% of respondents are females and the entire female population as at 2004 is only about 10%. Though GWCL has a qualified senior staff, the number is insufficient for the scope of the work, while, on the contrary, the junior staff is aging and not well educated. Training for staff is woefully inadequate leading to a large number of unqualified accountants. Ninety percent of respondents have never received in-service training since they joined GWCL

while the company spent more money on entertainment than on training for 2001, 2002 and 2005.

There is no fixed plan for managing careers in GWCL and, as a result, the staff strength in some departments is too large while it is inadequate in others. Ninety-five percent of the junior staff respondents lamented their discouraging career progression. However, career progression for senior staff is encouraging.

Low earnings affect the level of productivity. Interestingly, low earnings do not affect the productivity of the majority of pipe fitters because they said the risky nature of repairing burst pipes takes their minds off their meagre salaries when they are at work. On the contrary, job satisfaction and productivity are positively correlated among professionals and managers. Though some junior workers were not satisfied with their jobs, their production was not affected because of their internalized beliefs about their work. Rank is also positively correlated with job satisfaction in GWCL because once an employee's rank was high, his or her job satisfaction was also high. Ninety percent of senior staff interviewed affirmed that they were satisfied or very satisfied with their jobs. On the other hand, 62.5% of junior staff respondents believed that their ranks negatively affected their job satisfaction.

This section summarizes the findings under seven areas of corporate culture namely: mission and vision statements, top management involvement, employee behaviour, entrepreneurial orientation, work environment and quality of service.

Only 7.5% of respondents knew anything close to the mission and vision statements of the company. As a result, employees did not understand how their roles were linked to the overall purpose of the organisation. The culture is authoritarian as 90% of respondents said during the interviews that their bosses took the decisions for managing the company. Participatory decision-making is thus minimal if not absent in most cases. Consequently, loyalty and commitment to organisational goals are low. Workers have a laissez-faire attitude with no sense of urgency in performing duties. Though there are hardly any strains in co-worker relationships, this cordiality has not resulted in a strong peer-group pressure to influence workers to perform well. As the culture does not promote autonomy, risk-taking is absent and there is no competition because GWCL is the sole provider of water to the urban areas. In terms of work environment, senior respondents enjoy a good working environment while 60% of junior employees work in deplorable conditions resulting in poor performance. Little wonder, 95% of workers agree that the quality of service provided by GWCL is poor and customer complaints are justifiable.

The performance management system in GWCL was assessed based on three main areas: performance measurement, implementation conditions and the use of performance information.

Findings of performance measurement are summarized under key terms and concepts of the job, accountability and decision-making. Sixty percent of employees said key terms and concepts of their jobs were not explained to them. Performance standards in terms of goals are challenging but not specific

according to 60% of respondents and 92.5% stipulated that individual performance targets are almost non-existent. Ninety-five percent of respondents affirmed that there are no stringent rules compelling workers to be accountable for their actions while decision-making is centralized from top to bottom.

GWCL has a traditional administrative culture. According to all respondents, there are no implementation conditions of performance management (like the use of a results–based culture) to promote performance management. There are also no specific management approaches to manage inputs and outputs. Performance information is not used to determine weaknesses and strengths of the organisation. Consequently, some departments have large numbers of unskilled labour. Information flow is also slow according to 87.5% of respondents.

Numerous bottlenecks hinder the performance of GWCL. Among these are financial constraints, logistics and equipment, billing and debt recovery, illegal connection and wastage, motivation and lack of senior management commitment.

GWCL's financial constraints stem from the fact that the company needs a lot of foreign exchange to purchase or maintain its machinery and buy water treatment chemicals. Logistics in the form of equipment to produce the right quality and quantity of water needed is another constraint. However, a bigger problem is GWCL's difficulty with charging economic prices because government fixes the price of water and considers water as a social service. Recovery of debt also takes as long as five months or more and this affects

GWCL's performance. Worse still, over 50% of water produced is lost through illegal connections or wastage.

Motivation is lacking in GWCL. About 80% of respondents do not receive the needed motivation to work and more than 60% of employees do not have faith in the ability of the appraisal system to measure their performance. In addition, ninety-five percent of employees believe they receive little or no feedback on how well they perform. As a result, over 72% of workers blame top management for failing to properly control and supervise the performance of GWCL.

Conclusions

The conclusions are based on the findings about human capital, corporate culture and performance management in GWCL and how they fit best practices for organisational performance. Bottlenecks to performance are also included.

The human capital in GWCL is inadequate, with an educated senior staff, but a large number of unskilled labour in the Accounts Department and a semi-literate and aged junior staff in the majority. The human capital is unable to excel in its performance because there are lapses in the educational level of some workers and they have little or no training. Career management is poor, earnings are meagre and there are high levels of dissatisfaction among junior staff. It is little wonder then, that GWCL has consistently not made profits since its conversion into a limited liability company in 1999. The company has failed to

satisfy its customers and earned for itself the reputation of a non-performing organisation.

The effectiveness of an organisation depends on its mission and vision statements because they are the energizing force that inspires employees to propel the company forward. Unfortunately, these statements are merely on paper in GWCL. Its substandard services then can be attributed to this lapse. The authoritarian nature of the company stifles the injection of new ideas, does not challenge high achievers and creates apathy among the workforce.

The absence of a strong corporate culture then is another reason why GWCL has persistently failed to control the 50% of water wastage.

In addition, the absence of a standard set of definitions of key terms and concepts about the job has created misunderstanding and inconsistency in the company even about the company's mission and vision. The same lapse has denied the GWCL a fair measuring tool for all levels of employees and has created a feeling of unfair measurement of performance in the company. There is no doubt then that this could be another reason why GWCL has failed to court the co-operation of its workforce to achieve laurels.

To further buttress this point, performance standards in GWCL are not linked with job descriptions and responsibilities of individuals so employees are not accountable for their failures. If GWCL refuses to be results-oriented and does not make performance information available to employees, the company is denying itself of a process that will ensure better performance from employees and a database of information that will guide its future decisions.

GWCL certainly has financial bottlenecks that hamper performance but the company's most serious problems are neither financial nor logistics and equipment but are with its human capital. The 50% of water produced that is lost does not stem from financial or logistics constraints but from the apathy of senior management and its staff.

Recommendations

Based on the findings from the study, the following recommendations can be made to manage the human capital, create an appropriate corporate culture, manage the performance of GWCL and remove bottlenecks that will culminate in a better organisational performance.

Management

- Management should employ qualified personnel for all departments to solve the present problem of a large number of unqualified junior staff.

- It should employ younger prospective employees during hiring to correct the problem of the aging workforce.

- The introduction of a performance management system will provide the right numbers and calibre of workers. For instance, a series of behavioural interviews with each employee to determine how the most productive employees work will be vital. This information can be used for selecting new hires and as an asset on the job, for training existing employees to adopt such qualities or practices.

- Management should consciously sensitize and galvanize employees to imbibe the mission and vision statements.

- They should spell out for individual employees the connection between their work and the mission and vision of GWCL.

- There is a need to document, explain and give key terms and concepts about each job to employees immediately they are employed. This will make them accountable for their actions.

- Management should adopt a performance management system that measures individual employee performance by specific standards and targets. This will motivate workers to contribute their best since they know their assessment will be fair.

- A participatory type of leadership should be encouraged in GWCL so that new ideas from staff can be incorporated into the running of the company.

- To improve its services and make profits, the firm's culture must promote autonomy and venture into risk-taking projects.

- Management should foster a healthy competition between departments for meeting deadlines for targets.

- Monitoring and effective control should be a priority for top management to ensure that employees meet their targets.

- An appraisal system that identifies training needs and ensures workers are actually trained by specific dates is imperative for GWCL. Affected employees should be notified about this plan so that they can constantly remind management about its implementation.

- Non-traditional ways of increasing employee earnings will elicit the performance the company needs. For example, a certain percentage of employees' earnings should be added quarterly to their salaries if they attain specific targets given them. Revenue collectors, meter readers, pipe fitters, security guards, drivers and employees at water treatment sites should be motivated depending on how much they contribute to the company.

- In addition, the working environment of junior staff should be improved. Protective clothing, increased risk allowance and buses to convey workers to site and back home are highly recommended.

- Management should also ensure the creation of a cordial relationship between supervisors and their subordinates.

- Equally important is the need for an effective billing and debt recovery system to make GWCL overcome some of its financial constraints.

- The company should promptly repair burst pipes and enforce stringent rules against those who illegally connect their pipes. This will drastically reduce the company's 50% water wastage. It can achieve this by rewarding workers who devise ways for reducing such waste.

Employees

- Junior workers should improve upon their educational standard to enhance their performance.

- Employees should eschew apathy and disloyalty to organisational goals.

- All members of staff should memorize the vision and mission statements of the company and know how their work is directly linked with them.

- They should do their work with a sense of urgency knowing that the service they provide is a vital component of life.

- Workers can also form peer-pressure groups to ensure that all workers in their unit perform according to standards.

- They must not cover up for their lazy colleagues by doing the part of the work that ought to be done by such employees.

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APPENDIX A

QUESTIONNAIRES FOR JUNIOR STAFF

This study is part of the requirement for the award of Master of Arts in Human Resource Management. It is purely academic and all responses will be treated confidentially. I would therefore be very pleased if you could spend a few minutes to fill out these questionnaires. Please do not write your name on this form and kindly circle the appropriate answers.

SECTION A: HUMAN CAPITAL

1. Age: a) 20-29   b) 30-39   c) 40-49   d) 50-59   e) 60 and above

2. Sex: a) Male   b) Female

3. Highest Qualification:

   a) G.C.E.'O' Level

   b) G.C.E. 'A' Level

   c) Post-Secondary Certificate.

   d) Technical/ Commercial School Certificate

   e) Others (specify)..............................

4. Rank/ Position:

5. What experiences do you have which enhance your work?................................

6. (i) List four competences (skills) that are necessary for your work?............

   (ii) Which ones do you need to acquire to make you more effective?............

7. (i) What are your annual earnings?..

7. (ii) How does your earnings affect the performance of your job?

   a) My willingness to work directly depends on my earnings.

   b) My willingness to work does not at all depend on my earnings.

   c) My willingness to work somehow depends on my earnings.

8. Briefly describe the work you do:...

9. How would you describe your attitude to your work?

   a) Very Positive

   b) Positive

   c) Negative

   d) Very Negative

10. How does your supervisor usually describe your attitude?

    a) Very Satisfied

    b) Satisfied

    c) Dissatisfied

    d) Very Dissatisfied

11. How satisfied are you with your job?

    a) Very Positive

    b) Positive

    c) Negative

    e) Very Negative

12. How does your level of satisfaction affect your job?

    a) Very Satisfied

    b) Satisfied

c) Dissatisfied

d) Very Dissatisfied

13. What is the best way to describe your absence rate?

    a) Almost Always Absent

    b) Often Absent

    c) Hardly Absent

    d) Never Absent Unless Sick

SECTION B: CORPORATE CULTURE

1. What is your organisation's mission

statement?...

2. Does the mission statement promote a culture of quality?

    a) Yes

    b) No

3. How connected is the mission statement and the job you do?

    a) Not connected

    b) Very connected

    c) Somehow connected

    d) Connected

4. Which of the following best describes the way things are done in your firm?

    a) Some employees behave the way they like.

    b) Collective ideas from the staff are used to manage the company.

    c) The boss dictates what employees must do.

5. What are the common complaints the public makes about your organisation?

....

6. In your opinion, how justifiable are these complaints?

    a) Very justifiable

    b) Justifiable

    c) Not justifiable

    d) Quite justifiable

7. Which of the following best describes your supervisor? (Choose more than one).

    a) Over demanding

    b) Firm but supportive

    c) Inconsistent with his instructions

    d) Others (specify)

8. What problems do you have with your co-workers? Briefly

explain.....................

....

9. Does your company have a strong peer-group pressure that encourages

workers to work hard?

    a) Yes

    b) No

10. How committed is senior management in the implementation of a culture of

quality?

    a) Very committed

b) Not committed

c) Committed

d) Sometimes committed

11. How open are the communication channels in your company?

a) Very open

b) Open

c) Not open

d) Somehow open

SECTION C: PERFORMANCE MANAGEMENT

1) Are key terms and concepts about the job you perform clearly defined to you?

a) Yes

b) No

2) What targets do your team or you have to achieve? ....

3) Who sets the goal for your team?

a) My boss

b) Myself

c) Team members

d) Team members with boss

4) How can you describe these goals?

a) Challenging but not specific

b) Challenging but not measurable

c) Challenging but not attainable

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d) Challenging, specific, attainable and measurable.

5 i) Does your company set performance standards and targets for each employee?

    a) Yes

    b) No

5ii) How relevant are these standards and targets in your opinion?

    a) Very relevant

    b) Relevant

    c) Somehow relevant

    d) Not at all relevant

6) Does your boss tell you tell you by what criteria your performance will be measured?

    a) Yes

    b) No

7) What does the appraisal system in your company measure?

    a) Group Performance

    b) Individual performance that fits the firm's core values.

    c) Behaviours that show personal loyalty to the manager

    d) It is not clear by what standards employees are measured.

8) How confident are you that if you performed well you would be given a reward you value?

    a) Very confident

    b) Confident

c) Somehow confident.

d) Not confident at all

9i) What type of motivation does your supervisor often give you?

    a) Praise

    b) Pay raise

    c) Promotion

    d) Others (specify)

9ii) What motivation do you expect him/her to give you?...........................

10) What gives you satisfaction when you accomplish a task?

    a) The thought of having provided a quality service.

    b) External rewards like recognition or praise.

    c) Financial rewards like pay raise or bonuses.

11) Which of the following do you **not** have in adequate quantities to do your work?

    a) Tools

    b) Equipment

    c) Supplies like stationery

12) When you perform well how often does your supervisor let you know you done well?

    a) Always

    b) Often

c) Sometimes

d) Hardly

13) Which problem in your unit would you want to be solved in order to improve your

effectiveness?...

14) What suggestions do you have for the improvement of performance in your

organisation?...

APPENDIX B

QUESTIONNAIRES FOR SENIOR STAFF

This study is part of the requirement for the award of a Master of Arts in Human Resource Management. It is purely academic and all responses will be treated confidentially. I would therefore be very pleased if you could spend a few minutes to fill out these questionnaires. Please do not write your name on this form and kindly circle the appropriate answers.

SECTION A: HUMAN CAPITAL

1) Age: a) 20-29   b) 30-39   c) 40-49   d) 50-59

2) Sex: a) Male

       b) Female

3) Highest Qualification:

   a. PhD.

   b. Second Degree

   c. First Degree.

   d. Diploma

   e. Others (specify)..............................

4) Rank/ Position:

5) Briefly describe your job schedule...

6) What experiences do you have which enhance your work? ....

7) (i) List four competences (skills) that are necessary for your work?..............

   (ii) Which ones do you need to acquire to make you more effective?............

8) (i) What are your annual earnings?..

8) (ii) How does your earnings affect the performance of your job?

    a. My willingness to work directly depends on my earnings.

    b. My willingness to work does not at all depend on my earnings.

    c. My willingness to work somehow depends on my earnings.

9) Briefly describe the work you do:..

10) How would you describe your attitude to your work?

  a) Very Positive

  b) Positive

  c) Negative

  d) Very Negative

11) How does your supervisor usually describe your attitude?

    a. Very Satisfied

    b. Satisfied

    c. Dissatisfied

    d. Very Dissatisfied

12) How satisfied are you with your job?

  a) Very Positive

  b) Positive

  c) Negative

  e) Very Negative

13) How does your level of satisfaction affect your job?

  a) Very Satisfied

b) Satisfied

c) Dissatisfied

d) Very Dissatisfied

14) What is the best way to describe your absence rate?

    a) Almost Always Absent

    b) Often Absent

    c) Hardly Absent

    d) Never Absent Unless Sick

SECTION B: CORPORATE CULTURE

1) What is your organisation's mission

statement?.......................................

....

2) Does the mission statement promote a culture of quality?

    a) Yes

    b) No

3) How connected is the mission statement and the job you do?

    a) Not connected

    b) Very connected

    c) Somehow connected

    d) Slightly connected

4) Which of the following best describes the channels of communication in your

company?

a) Very open

b) Open

c) Not open

d) Frustrating

5) Which of the following does the corporate culture in your firm allow?

a) Risk taking

b) Innovation

c) Autonomy

d) Competitive aggressiveness

6) What are some things you do to regulate the behaviour of employees to help

them perform their

duties?...

7) What does your company emphasize? A culture that:

a) Promotes apathy

b) Emphasizes seniority

c) Is results-oriented

d) Promotes tribalism

8) What are some of the things that senior management does to direct energies of

workers to accomplish the vision and mission statements in your company?

9) Do you measure your inputs and how they affect your output?

a) Yes

b) No

10) How satisfied are you with your job?

a) Very satisfied

b) Satisfied

c) Very dissatisfied

d) Indifferent

11) Please describe the career opportunities that exist in your company

a) Very encouraging

b) Encouraging

c) Not encouraging at al

d) No such opportunity exist

12) Which of the following best describes supervisors in your organisation?

a) They have the right technical knowledge.

b) They are harsh and co-ordinate their work well.

c) They are firm but sensitive.

d) They usually fail to get workers to do their work.

SECTION C: PERFORMANCE MANAGEMENT

1i) Does your company have specific indicators with which to measure each

employee's contribution to the organisation?

a) Yes

b) No.

c) If yes, list a few of them...

2) Does each worker in your department have specific performance standards to achieve?

    a) Yes

    b) No

3) Are key terms and concepts within the standards defined for employees?

    a) Always

    b) Sometimes

    c) Hardly

    d) No they are not

    e) There are no terms and concepts to define.

4) How familiar is your staff with the performance standards of the department?

    a) Very conversant

    b) Conversant

    c) Somehow conversant

    d) Not conversant at all

5) What rewards are there for workers in your unit when they perform well?

....

6) What are the sanctions meted against non-performing employees?

....

7) What is your opinion on the effectiveness of these sanctions?

....

8) What rewards are used for motivating employees?

    a) Best worker award

    b) Most dutiful worker award

    c) Most punctual worker award

    d) Others (specify)...

9) Please briefly explain how these things motivate the

employees.....................

....

10) What hinders your company from fully satisfying her cherished customers?

11) In your opinion, what are the causes of non-performance in your

organisation?

....

12) How often do employees in your department receive on–the–job training?

    a) Twice a year

    b) Once a year

    c) Never

    d) Others (specify)

13) How supportive is the working environment in your company?

    a) Very supportive

    b) Hardly supportive

    c) Not supportive at all

14) How related is the training workers receive to the work they do?

    a) Very related

b) Somehow related

c) Not at all related

15) What package is available for an employee who receives further training?

You can circle more than one answer.

   a) Study leave with pay

   b) Study leave without pay

   c) Scholarship

   d) Others (specify)..

16) What new ideas should your company adopt to improve its customer service?

....

APPENDIX C

A STRUCTURED INTERVIEW FOR JUNIOR AND SENIOR STAFF

This study is part of the requirement for the award of Master of Arts in Human Resource Management. It is purely academic and all responses will be treated confidentially. I would therefore be very pleased if you could spend a few minutes to answer these questions.

1) What financial constraints prevent GWCL from performing well?

2) How often does your department get logistics for your work?

3) When was the last time the company changed the equipment in your office?

4) What common problems do customers have with your system of billing?

5) Please explain why customers receive bills even when they do not receive water?

6) What is the average time for collecting revenue from customers?

7) Why do you think customers do not promptly pay their bills?

8) What makes customers illegally connect their pipes when GWCL disconnects them?

9) What can you do to stop this bad practice?

10) What reward would you value if you found a solution for this practice?

Source: GWCL 2003

Figure 3: Treated Water Lost Through Burst Pipes

SOURCE: GWCL 2004

Figure 4: Private Vendors Supply Water to GWCL's Customers

• *Mr Akita (in suit) briefing the demonstrators in front of the Parliament House.*

SOURCE: DAILY GRAPHIC FEB. 19, 2003

Figure 5: Teshie Residents Angry with GWCL for Lack of Water

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